Franchise Disclosure Document

FRANCHISE DISCLOSURE DOCUMENT

PHP Franchise, LLC
A Delaware limited liability company
17700 Saint Clair Avenue
Cleveland, Ohio 44110
(888) 453-9412
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heatingairparamedics.com

As a Heating + Air Paramedics franchisee you will operate a business providing residential heating and air conditioning installation, repair, replacement and related services approved by the Franchisor ("Franchised Business").

The total investment necessary to begin operation of a Heating + Air Paramedics Franchised Business ranges from $100,935 to $193,260. This includes $40,000 that must be paid to the franchisor.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kelli Schroeder at 17700 Saint Clair Avenue, Cleveland, Ohio 44110, telephone (617) 997-4729.

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

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

Issuance date: April 10, 2026

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 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 (if any). See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The Franchise Agreement requires you to resolve disputes with the franchisor by mediation and arbitration in the state where the franchisor's principal office is located, currently Ohio, and/or litigation in Ohio. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in this state than in your own state.

2. **Mandatory Minimum Payments**. You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

3. **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.

4. **Financial Conditions**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

NOTICE REQUIRED BY STATE OF MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, according to the Michigan Department of Attorney General, Consumer Protection Division (the "Division"), the provisions are void and cannot be enforced against you:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided by the Michigan Franchise Investment Law. 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 subsection does not require a renewal provision.

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

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

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market value 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) above.

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

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

Any questions regarding this notice should be directed to:

Corporate Oversight Division
Attn: Franchise Section
Michigan Department of Attorney General
525 W. Ottawa Street
G. Mennen Williams Building, 5th Floor
Lansing, Michigan 48913
(517) 335-7567

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

To simplify the language in this disclosure document, "Heating + Air Paramedics", "our", "us", "we", or "Franchisor" refers to PHP Franchise, LLC, the franchisor. "You", "your" or "Franchisee" refers to the person, or any corporation, partnership or legal entity who buys a Heating + Air Paramedics franchise, including the franchisee's owners and partners.

Franchisor

We are a Delaware limited liability company, formed on October 13, 2021. Our principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. We conduct business under the trade and service mark "Heating + Air Paramedics". We also conduct business and offer franchises under the trade and service mark "Plumbing Paramedics". The Plumbing Paramedics franchises are offered under a separate franchise disclosure document. We began offering franchises under these marks in November 2021. We do not operate any businesses of the type offered in this Disclosure Document. Other than the Plumbing Paramedics franchises discussed above, we have never offered franchises in any line of business. As of December 31, 2025, we had 15 Plumbing Paramedics franchises and 22 Heating + Air Paramedics franchises.

Parent

Our immediate parent company, Threshold Brands, LLC ("Threshold Brands"), maintains its principal place of business at 17700 Saint Clair Avenue, Cleveland, Ohio 44110. Threshold Brands is a wholly owned subsidiary of HS Group Holding Company, LLC, ("HSGH") which maintains its principal place of business at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111.

HSGH is majority owned through various holding companies by Riverside Micro Cap Fund V-A, L.P., and RMCF V AIV I, L.P., each of which maintain their principal place of business at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111. Each of Riverside Micro-Cap Fund V-A, L.P. and RMCF V AIV I, L.P. are managed by The Riverside Company, a global private equity firm focused on investing in and acquiring growing businesses. It maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111.

The Riverside Company, through various private equity funds and holding companies, also manages the following companies which, in turn, indirectly or directly control the following companies that offer franchises in the US:

EverSmith Brands Holding Company ("Eversmith") has a principal place of business at 6700 Forum Drive, Suite 150, Orlando, FL 32821. Eversmith directly or indirectly controls the following companies offering franchises in the United States and Canada:

> 1 TOM Plumber Global LLC ("1 Tom") has offered franchises under the mark "1-Tom-Plumber" since October 2020. 1 Tom's principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A 1 Tom franchise offers emergency plumbing services and repairs at commercial and residential properties. As of December 31, 2025, 1 Tom had 56 franchises operating in the United States.
>
> U.S. Lawns, Inc. ("U.S. Lawns") has offered franchises under the mark "U.S. Lawns" since August 1986. U.S. Lawns' principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A U.S. Lawns franchise offers outdoor commercial property and

landscaping services. As of December 31, 2025, U.S. Lawns had 208 franchises operating in the United States.

milliCare Franchising, LLC ("milliCare") and its predecessors have offered franchises since January 2011. milliCare's principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A milliCare franchise offers cleaning and maintenance of floor coverings and interior finishes and related services under the mark "milliCare Floor & Textile Care." As of December 31, 2025, milliCare had 48 franchises operating in the United States and 9 international franchises.

Kitchen Guard Franchising, Inc. ("Kitchen Guard") has offered franchises since August 2023. Kitchen Guard's principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A Kitchen Guard franchise offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services. As of December 31, 2025, Kitchen Guard had 38 franchises operating in the United States.

Restoration Specialties Franchise Group, LLC ("Prism Specialties") has offered franchises since April 2012 and in September 2021 the franchises have operated under the mark "Prism Specialties." Prism Specialties' principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A Prism Specialties franchise offers electronic, art, textile, and document recovery, repair, and restoration services. As of December 31, 2025, Prism Specialties had 90 franchises operating in the United States.

The Seals Franchising, LLC ("The Seals") has offered franchises since August 2019. The Seals' principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A The Seals franchise offers the sale and installation of gaskets for refrigeration door units, freezer doors, oven doors, hardware and cutting boards. As of December 31, 2025, The Seals had 6 franchises operating in the United States.

TruServe Groundscare, Inc. ("TruServe") and its affiliate and predecessor have offered franchises under the mark "Clintar Commercial Outdoor Services" since 1982. TruServe's principal business address is 200 Cachet Wood Court, Unit 119, Markham, ON, Canada L6C 0Z8. A Clintar Commercial Outdoor Services franchise offers outdoor commercial property services. As of December 31, 2025, TruServe had 21 franchises operating in Canada.

Evive Brands, LLC ("Evive") has a principal place of business at 8100 E. Indian School Road, Suite 201, Scottsdale, Arizona 85251. Evive directly or indirectly controls the following companies offering franchises in the United States:

ALL Franchising, LLC ("ALL") and its predecessors have offered franchises under the mark "Assisted Living Locators" since May 2006. ALL's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Assisted Living Locators franchise assists seniors and their families in locating assisted living facilities, memory care communities, nursing homes, senior care homes and independent living senior communities. As of December 31, 2025, ALL had 171 franchises operating in the United States.

B & P Burke, LLC ("B&P") has offered franchises under the mark "Grasons" since May 2014. B&P's principal business address is 8100 E. Indian School Road, Suite 201,

Scottsdale, AZ 85251. A Grasons franchise offers estate sale and business liquidation services. As of December 31, 2025, B&P had 69 franchises operating in the United States.

Brothers Parsons Franchising LLC ("Brothers") and its predecessor have offered franchises under the mark "The Brothers that just do Gutters" since July 2015. Brothers' principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A "The Brothers that just do Gutters" franchise provides gutter installation, maintenance, cleaning, repair, and related services and products. As of December 31, 2025, Brothers had 401 franchises operating in the United States.

Executive Home Care Franchising, LLC ("Executive Care") has offered franchises under the mark "Executive Home Care" since June 2013. Executive Home Care's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Executive Home Care franchise offers in-home comprehensive care and medical services to home care clients, and supplemental healthcare staffing services to institutional clients. As of December 31, 2025, Executive Care had 79 franchises operating in the United States.

MB Franchise Holdings, Inc. ("MB") and its predecessors have offered franchises under the mark "Maid Brigade" since June 1984. MB's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A Maid Brigade franchise provides supervised team cleaning services to home and light commercial offices and related services and products. As of December 31, 2025, MB had 286 franchises operating in the United States.

Pacific Lawn Sprinklers Franchise LLC ("Pacific Lawn") and its predecessors have offered franchises under the "Pacific Lawn Sprinklers" marks since November 2023. Pacific Lawn's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A Pacific Lawn franchise provides installation and maintenance services. As of December 31, 2025, Pacific Lawn had 71 franchises operating in the United States.

Shine Development LLC ("Shine") and its predecessors have offered franchises under the "Shine" marks since March 2012. Shine's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A Shine franchise offers residential and commercial window cleaning, pressure washing, house detailing, and holiday and outdoor lighting services. As of December 31, 2025, Shine had 77 franchises operating in the United States.

BCC Services Intermediate Holding Company d/b/a Head to Toe Brands ("HTB") has a principal place of business at 550 Reserve Street, Suite 380, Southlake, Texas 76092. HTB directly or indirectly controls the following companies offering franchises in the United States:

BCC Franchising, LLC ("BCC") and its predecessor have offered franchises since March 2007 under the mark "Bishops". BCC's principal business address is 550 Reserve Street, Suite 380, Southlake, TX 76092. A Bishops franchise offers haircuts, coloring, and barber services. As of December 31, 2025, BCC had 40 franchises operating in the United States.

Crown Extension Bar, LLC ("Crown") has offered franchises since December 2025 under the mark "Delta Crown." Crown's principal business address is 550 Reserve Street, Suite 380, Southlake, TX 76092. A Crown franchise offers semi-permanent hair extensions and hair extension related salon services. As of December 31, 2025, Crown had 1 franchise operating in the United States.

Frenchies, LLC ("Frenchies") has offered franchises under the mark "Frenchies Modern Nail Care" since April 2015. Frenchies' principal business address is 550 Reserve Street, Suite 380, Southlake, TX 76092. A Frenchies Modern Nail Care franchise offers hand and foot care. As of December 31, 2025, Frenchies had 26 franchisees operating in the United States.

The Lash Franchise Holdings, LLC ("Lash") and its predecessor has offered franchises under the mark "Lash Lounge" since March 2010. Lash's principal business address is 550 Reserve Street, Suite 380, Southlake, TX 76092. A Lash Lounge franchise offers permanent and temporary eyelash and eyebrow extensions and other eye enhancing services. As of December 31, 2025, Lash had 131 Lash Lounge franchises operating in the United States.

Best Life Brands, LLC ("Best Life") has a principal place of business at 900 Wilshire Drive, Suite 102, Troy, MI 48084-1600. Best Life directly or indirectly controls the following companies offering franchises in the United States:

Blue Moon Franchise Systems, LLC ("Blue Moon") has offered franchises under the mark "Blue Moon Estate Sales" since August 2013. Blue Moon's principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Blue Moon franchise sells personal property and provides consignment sales for those who are downsizing, relocating, or are deceased. As of December 31, 2025, Blue Moon had 136 franchises in operation in the United States.

Boost Franchise Systems, LLC ("Boost") has offered franchises under the mark "Boost Home Healthcare" since July 2021. Boost's principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Boost franchise offers intermittent care ordered by a doctor and performed by a home health aide and other licensed healthcare providers to patients of all ages with acute and chronic long term complex health conditions within the patient's residence or within health care facilities. As of December 31, 2025, Boost had 3 franchises in operation in the United States.

CarePatrol Franchise Systems, LLC ("CarePatrol") whose principal place of business is 900 Wilshire Dr., Suite 102, Troy, MI 48084-1600. Since April 2009, CarePatrol has offered franchises that provide referral and senior placement services under the CarePatrol name. At various times since 2012, CarePatrol has also sold four area representative franchisees in selected areas. As of December 31, 2025, CarePatrol had 215 Care Patrol franchises operating in the United States and 2 in Canada.

ComForCare Franchise Systems, LLC ("ComForCare") whose principal place of business is 900 Wilshire Drive, Suite 102, Troy, MI 48084. Since April 2001, ComForCare has offered franchises which provide (i) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (ii) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (iii) private duty nursing services (extended hourly nursing care for the treatment of medical ailments, Non-Medicare). As of December 31, 2025, ComForCare had 270 franchises operating in the United States and 19 in Canada.

Next Day Access, LLC ("Next Day") whose principal place of business is 900 Wilshire Dr., Suite 102, Troy, MI 48084-1600. Since March 2012, Next Day has offered franchises

that engage in the sale and rental of ramps, additional related products, and accessories that enhance the quality of life of physically disabled or challenged persons. As of December 31, 2025, Next Day had 91 franchises operating in the United States and 1 in Canada.

As there is no common control between the franchisors of the brands above and us, these companies are not considered our affiliates required to be disclosed in Item 1. We have disclosed the franchisors of the brands above because they are owned in whole or in part by investment funds managed by The Riverside Company, which also manages the investment fund or funds that own our majority owner.

Affiliates

Our affiliate, Maid Pro Franchise, LLC ("MaidPro"), is a franchisor of home cleaning services businesses for residential and commercial customers. MaidPro's principal place of business is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. MaidPro began offering franchises on February 1, 1997 and as of December 31, 2025 had 255 franchises in the United States and 14 in Canada.

Our affiliate, Men In Kilts US, LLC ("MIK"), is a franchisor of businesses providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. MIK began offering franchises in March 2019 and as of December 31, 2025 had 27 franchises in the United States.

Our affiliate, Men In Kilts Canada Inc. ("MIK Canada"), is the franchisor of the Men In Kilts brand in Canada. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. MIK Canada through its predecessor has been offering Men In Kilts franchises since 2011 and as of December 31, 2025 had 20 Men In Kilts franchises in Canada.

Our affiliate, Pestmaster Franchise Network, LLC ("Pestmaster"), is a franchisor of businesses providing structural and agricultural pest control, termite control, weed control and maintenance services to residential, commercial and government customers. Pestmaster's principal business address is 4750 Longley Lane, Suite 210, Reno, NV 89502. Pestmaster through its predecessor has been offering franchises since June 1991 and as of December 31, 2025 had 75 franchises in the United States.

Our affiliate, USA Insulation Franchise, LLC ("USA Insulation"), is a franchisor of businesses that offer and sell an array of insulation products and services, evaluate clients' insulation needs, and install insulation products at customers' properties. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since March 2006 and as of December 31, 2025 had 96 franchises in the United States.

Our affiliate, Sir Grout Franchising, LLC ("Sir Grout"), is a franchisor of businesses providing grout and tile cleaning, sealing, caulking and restoration services as well as other services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. Sir Grout has been offering franchises since August 2007 and as of December 31, 2025 had 91 franchises in the United States.

Our affiliate, Granite Garage Floors Franchising, LLC ("Granite Garage"), is a franchisor of businesses that market, sell and install residential garage floor coating systems. Its principal business address is the same as our principal business address. It has been offering franchises since June 2013 and as of December 31, 2025 had 57 franchises in the United States.

Our affiliate, Mold Medics Franchising LLC ("Mold Medics") is a franchisor of businesses providing mold testing and remediation services, duct and vent cleaning, water damage dry-outs, restoration services, dust control, encapsulation, demolition, ozone and odor treatment, attic insulation and sealing, and other services

and products. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since December 2020 and as of December 31, 2025 had 18 franchises in the United States.

Our affiliate, Miracle Method, LLC ("Miracle Method"), is a franchisor of businesses providing restoration services for bathtubs, sinks, showers, tile, countertops, and similar surfaces in homes and businesses. Its principal business address is 215 Sutton Lane, Colorado Springs, CO, 80907. It has been offering franchises since 1996 and as of December 31, 2025 there were 213 unit franchises and 2 master franchises operating in the United States.

Threshold Brands, our immediate parent company, is also the parent company of our affiliates disclosed above.

Predecessors

Plumbing Heating Paramedics, LLC, operated a residential heating and air conditioning installation, repair, replacement and maintenance services business of the type that we offer under this disclosure document. It would be considered our predecessor as it was the original owner of certain of our trademarks. It began business in February 2011. We sold this company to a franchisee in February 2024. It has a principal place of business at 9750 E. 150th Street, Noblesville, IN 46060. It has never sold franchises in any line of business.

Except as disclosed above, neither we, nor our parent, nor our affiliates, currently operates any other types of businesses which offer franchises or provide products or services to our franchisees. Except as disclosed above, we have no parents, predecessors or affiliates required to be disclosed in this Item. Neither we nor any of our affiliates disclosed above have offered franchises in any line of business except as disclosed above. Except as disclosed above none of our affiliates disclosed above have ever conducted the type of business a Heating + Air Paramedics franchisee will operate.

Agents for Service of Process

Please refer to Exhibit A for agents for service of process.

The Business We Offer

We license and grant to qualified parties the right to operate a franchise to provide residential heating and air conditioning installation, repair, replacement and maintenance services to the public, utilizing the Heating + Air Paramedics System within a designated area we refer to as your "Territory". We refer to the franchise in this Disclosure Document as the "Franchise" or "Franchised Business".

Your competition may include heating and air conditioning installation, repair, replacement and maintenance services businesses operated by franchised and independently owned heating and air conditioning service businesses, including our affiliate Plumbing Heating Paramedics, LLC disclosed above. You will also compete with large national retailers that offer heating and air conditioning services and products and 'do it yourselfers'.

We serve all types of residential property, including single-family homes and single- and multi-unit apartment buildings. The heating and air conditioning industry is typically not seasonal.

Applicable Regulations

Heating, air conditioning and related home repair and improvement services are regulated businesses in most jurisdictions. In most jurisdictions you must obtain a permit or license issued by the state or local government agencies regulating heating and air conditioning installation, repair, replacement or maintenance services before you can begin to provide these services. You may also be required to obtain a certificate of qualification from the federal Environmental Protection Agency before you can provide these services. In order to qualify for this permit or license you may be required to serve an apprenticeship, complete training programs or to take one or more examinations. You will be responsible for all costs and expenses arising out of compliance with these requirements. You will also be obligated to comply with those laws and regulations that apply generally to the conduct of all businesses.

ITEM 2
BUSINESS EXPERIENCE

Chairman of the Board of Managers – Jordan Lajoie

Mr. Lajoie joined us as the Chairman of our Board of Managers in February 2025. Mr. Lajoie is also Chairman of the Board of Managers of our parent company Threshold Brands, LLC and its parent company, HS Group Holding Company, LLC. Mr. Lajoie is also Chairman of the Board of Managers for all of our affiliates offering franchises disclosed in Item 1. Since February 2025 Mr. Lajoie has also served as the Chairman of the Board of Managers of BCC Services Intermediate Holding Company d/b/a Head to Toe Brands in Southlake, Texas. From July 2020 to the present Mr. Lajoie has served as the President of Pinecrest Holdings, Inc. in Portland, ME.

Vice President and Manager – Caroline Quoyeser

Since August 2020, Ms. Quoyeser has served as our Vice President and Manager. Since August 2021, Ms. Quoyeser has been the Vice President and a Manager of our parent, Threshold Brands, LLC, and since August 2020 Ms. Quoyeser has been the Vice President and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Ms. Quoyeser is also a Vice President and Manager for all of our affiliates offering franchises disclosed in Item 1. Since November 2021, Ms. Quoyeser has served as a Manager for Evive Brands, LLC in Scottsdale, AZ. Since January 2023 Ms. Quoyeser has been an Assistant Vice President with The Riverside Company in Santa Monica, CA. From July 2021 to December 2022 Ms. Quoyeser was a Senior Associate with The Riverside Company in Santa Monica, CA. From July 2019 to June 2021 Ms. Quoyeser was an Associate with The Riverside Company in Santa Monica, CA.

Vice President, Secretary and Manager – Stephen Rice

Mr. Rice has served as our Vice President and Secretary and a member of our Board of Managers since August 2020. Since August 2021 Mr. Rice has been the Vice President, Secretary and a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Rice has been the Vice President, Secretary and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Rice is also the Vice President, Secretary and a Manager of all of our affiliates offering franchises disclosed in Item 1. Since October 2010, Mr. Rice has been a Principal of The Riverside Company, located in Cleveland, Ohio.

Manager – Ryan Farris

Mr. Farris joined us as a member of our Board of Managers in November 2021. Mr. Farris is also a Manager of our parent, Threshold Brands, LLC, and its parent, HS Group Holding Company, LLC and all of our affiliates offering franchises disclosed in Item 1. Mr. Farris has served as the President and COO of

AlphaGraphics since October 2017 and, since August 2020, as the President and COO of PostNet International Franchise Corp., both located in Lakewood, Colorado.

Manager – Steven Siegel

Mr. Siegel joined us as a member of our Board of Managers in October 2021. Since August 2021 Mr. Siegel has served as a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Siegel has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Siegel is also a Manager of all of our affiliates offering franchises disclosed in Item 1. From January 2005 to present, Mr. Siegel has served as a Managing Partner at Brookside Consulting Company in Thornton, NH.

Manager – Mark Kushinsky

Mr. Kushinsky joined us as a member of our Board of Managers in October 2021. Since August 2021 Mr. Kushinsky has served as a Manager of our parent, Threshold Brands, LLC and since August 2020 Mr. Kushinsky has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Kushinsky is also a Manager of all of our affiliates offering franchises disclosed in Item 1 except for USA Insulation Franchise, LLC, FDIE, LLC and USA Enterprises, LLC.

Chief Executive Officer and Manager – Theodore Demarino

Mr. Demarino has served as our Chief Executive Officer ("CEO") and a member of our Board of Managers since June 2023. Mr. Demarino is also the CEO and a Manager of our parent, Threshold Brands, LLC and of its parent, HS Group Holding Company, LLC. He also serves as the CEO and a Manager of all of our affiliates disclosed in Item 1. From October 2019 to May 2023, Mr. Demarino was the President of Liberty Tax in Hurst, TX.

Chief Financial Officer – William A. Newby III

Mr. Newby has served as our Chief Financial Officer ("CFO") since November 2024. Mr. Newby is also the CFO of our parent company, Threshold Brands, LLC and its parent company, HS Group Holding Company, LLC. He also serves as the CFO of all of our affiliates disclosed in Item 1. From April 2023 to November 2024, Mr. Newby was the CFO of Building Plastics, Inc. in Memphis, TN. From August 2018 to March 2023, Mr. Newby was the Corporate Controller for Ring Container Technologies in Oakland, TN.

Chief Legal Officer – Robert G. Huelin

Mr. Huelin has served as our Chief Legal Officer ("CLO") since May 2021. He also serves as CLO of all of our affiliates offering franchises disclosed in Item 1. Since August 2021 Mr. Huelin has served as the CLO of our parent, Threshold Brands, LLC. From December 2014 to May 2021 Mr. Huelin was the Vice President, Legal and Compliance for Wireless Zone, LLC and its predecessors in Rocky Hill, CT.

Chief Operating Officer – Lauriena Rideout

Ms. Rideout has served as our Chief Operating Officer ("COO") since December 2025. Ms. Rideout is also the COO of our parent company, Threshold Brands, LLC, and all of our affiliates offering franchises disclosed in Item 1. From April 2024 to December 2025 Ms. Rideout was the COO of WOWorks, LLC in St. Petersburg, FL and from May 2019 to April 2024 Ms. Rideout served as the Senior Vice President Operations and Chief Brand Officer of WOWorks.

Vice President, Franchise Development – Kelli Schroeder

Ms. Schroeder has served as Vice President, Franchise Development since October 2024. Ms. Schroeder is also the Vice President, Franchise Development for all of our affiliates offering franchises disclosed in Item 1. From June 2023 to October 2024 Ms. Schroeder was the Vice President of Franchise Development at WellBiz Brands in Island Park, NY. From August 2021 to June 2023 Ms. Schroeder was the Vice President of Franchise Development for SUCCESS Space in Island Park, NY. From July 2019 to August 2021 Ms. Schroeder was the principal of Schroeder Consulting, LLC in Long Beach, NY.

Brand Leader – Nicholas Brand

Mr. Brand has been our Brand Leader since December 2024. Mr. Brand has also been the Brand Leader for our affiliates Men In Kilts US and Men In Kilts Canada, Inc. since January 2024. From April 2013 to the present, Mr. Brand has been the President of Saltire Enterprises, Inc. in Chilliwack, British Columbia, Canada.

ITEM 3
LITIGATION

The following disclosure relates to our affiliate, MaidPro Franchise, LLC in connection with the offering of residential and commercial cleaning services and other services under the MaidPro name.

In the Matter of MaidPro Franchise, LLC (Securities Commissioner of Maryland, Case No. 2025-0075). On August 13, 2025, MaidPro entered into a Consent Order with the Securities Commission of Maryland. After a review of its records, MaidPro determined that in two franchise sales in 2022 it inadvertently violated a requirement entered into in 2021 to defer franchise fees until all preopening obligations of the franchisor were completed. Under the Consent Order, MaidPro must comply with the deferral condition for as long as it is effective, it agreed to cease and desist from the offer or sale of franchises in violation of the Maryland Franchise Law, and it paid a $15,000 penalty to the Maryland Office of the Attorney General.

Other than this action, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

You will pay us an initial franchise fee of $40,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is deemed fully earned at the time it is due. It is due at the time you sign the Franchise Agreement. It is nonrefundable except as discussed below. We may offer to prospects who meet our qualifications, including creditworthiness, financing of up to the full amount of the Initial Franchise Fee. See Item 10 for additional information.

During 2025 our franchise offering included waivers, discounts and refunds such that our Initial Franchise Fee ranged from $0 to $40,000.

We may reduce or waive the Initial Franchise Fee as discussed in the programs below:

Franchise Option Program

For new franchisees, we may offer to refund the Initial Franchise Fee in exchange for an increase to the Continuing Royalty rate by an additional 4% of Gross Sales (for example the 5% royalty rate will increase to 9%) for the initial term of the Franchise Agreement (10 years). We refer to this program as our "Franchise Option Program". If you are in this Program, we will refund your Initial Franchise Fee within 10 days of the opening of your Franchised Business so long as it opens within the time required under the Franchise Agreement and you are not otherwise in default under the Franchise Agreement or any other agreement between you and us or any of our affiliates. If you take advantage of this program you must sign the Franchise Option Amendment attached to the Franchise Agreement as Exhibit 5.

Military/First Responder Program

If you are a current member of the United States Armed Forces or you received an honorable discharge from the United States Armed Forces you may be eligible for a 20% reduction of the Initial Franchise Fee on your first Franchised Business. We also offer a "First Responders" discount. If you are a police officer, firefighter, or paramedic/emergency medical technician (EMT) you may be eligible for a 20% reduction of the Initial Franchise Fee on your first Franchised Business.

Multi-Unit Program

We currently offer a multi-unit discount. If you purchase 3 or more Franchises, you may be eligible to receive a 25% reduction of the Initial Franchise Fee for the second and any additional Franchises you purchase at the time you purchase the initial Franchise. You must sign a Franchise Agreement for each territory, and you must sign all of the Franchise Agreements as part of a single transaction to qualify for this discount. You must also sign the Multi-Territory Development Addendum attached to the Franchise Agreement as Exhibit 10.

Hard to Serve/Underserved Markets

We may offer a discount of up to 10% off the Initial Franchise Fee to prospects who will be operating their Franchised Business in a hard-to-serve or underserved market, whether geographic or demographic.

Conversion Franchise Program

If a qualified individual or entity has offered heating and air conditioning services similar or identical to the services provided by a Heating + Air Paramedics franchisee for at least 12 months and that have generated more than $250,000 in sales during the immediately preceding 12-month period (a "Conversion Franchisee"), then we offer the opportunity to enter into a Conversion Franchise Addendum to our Franchise Agreement, under the terms of which we will: (i) waive the Initial Franchise Fee, and (ii) reduce the monthly Continuing Royalty to 2% of Gross Sales for the first 24 months of the Franchise Agreement.

Any waiver, reduction or refund of the Initial Franchise Fee will be in our sole discretion. We evaluate each situation on an individual basis. We reserve the right to change, modify or discontinue any of these discount/waiver programs at any time.

We pay a referral fee ("Referral Fee") to any current franchisee for each candidate referred to us who meets our qualifications and signs a Franchise Agreement. Currently, the Referral Fee is $25,000 for each successful referral of a candidate who is not a current franchisee of our brand or any of our affiliate brands.

ITEM 6
OTHER FEES

Type of Fee[1]	Amount[1]	Due Date	Remarks
Continuing Royalty	5% of your monthly Gross Sales or $1,500 per month, whichever is greater	Due monthly on the 15th day of each month.	See Note 2 and Note 3.
Brand Fund Fee	2% of your monthly Gross Sales	Due monthly on the 15th day of each month.	See Note 2 and Note 4.
Convention Fee	Up to $1,500 depending upon costs.	Due at registration	See Note 5 and Note 11.
Transfer Fee	25% of the then-current Initial Franchise Fee	On or before the date of transfer	Only payable if you want to transfer your Franchised Business.
Renewal Fee	20% of then-current Initial Franchise Fee	At time you sign a renewal franchise agreement	Payable if you are eligible to renew and elect to do so.
Technology Fee	$650 per month	Due on the 15th day of each month.	See Note 6 and Note 11.
Field Service Software	$279 per month, per license, and $300 per month for integrated marketing features.	As invoiced.	Payable to our vendor. See Note 7.
Digital Marketing Services	$375 per month, plus $49 per month for additional optional tools.	Due on the 15th day of each month.	See Note 8 and Note 11.
Digital Lead Generation Services	20% of total advertising spend or $100, whichever is greater.	Due on the 15th day of each month.	See Note 8 and Note 11.
Financial Management Software	$25 per month per license.	Upon demand by supplier, or due on the 15th day of each month.	We may collect this fee from you and pay it to the supplier. See Note 7 and Note 11.
Initial Training Fee	$500 per attendee per day.	Before the start of training	Only payable if you have more than 4 attendees at our initial Training Program or if you choose to send others to another Initial Training Program after you open. See Note 9 and Note 11.
Additional Training	Then-current registration fee per person per day for each day of training. Currently $500 per attendee per day.	Before the start of training	See Note 9 and Note 11.

Type of Fee[1]	Amount[1]	Due Date	Remarks
Training Expenses	Our costs of travel, lodging and food when we travel to provide you training at your Franchise, not to exceed $5,000 per day.	Upon billing	
Interest	We charge interest on overdue payments at a rate of 12% per annum or maximum rate permitted by applicable law, whichever is less.	Upon demand	See Note 10.
Audit Fee	Our costs and expenses of conducting audit including those of auditor.	Upon demand	If we determine that you understated Gross Sales for any reporting period by 2% or more.
Indemnification	Our damages we incur and all expenses and costs of defense.	Upon demand	You must reimburse us if we are sued or held liable for claims arising from your business or conduct.
Advance Payments	You must pay us all amounts we advance on your behalf or for which we have become obligated on your behalf to pay.	Upon demand	Only payable if you fail to pay amounts owed and we pay them for you.
Step-In Fee	All costs we incur if we step-in to operate your Franchised Business.	Upon billing	Only payable if we determine that the operation of your Franchised Business is in jeopardy and step-in to operate it.
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees.	Upon demand	You only pay this amount if we must pursue you for amounts you owe us or other breaches of your agreements with us or if we need to defend any claim you bring against us.

Type of Fee[1]	Amount[1]	Due Date	Remarks
Conversion Customer Fee	5% of Gross Sales from customers you failed to transfer to the franchisee in whose territory the customer is located.	Upon demand	Only payable if you are a conversion franchisee and fail to transfer customers outside your territory to the franchisee in whose territory the customer is located.
Customer Complaint	All amounts we incur to satisfy a complaint of your customer.	Upon receipt of invoice	Payable if we think you did not fairly handle a customer complaint, and we intervene and satisfy the customer.
Agentic Customer Assistance Services	$0.75 to $2.50 per conversation or call	Due monthly on the 15th day of the month	Only payable if you choose to use this service. See Note 12 and Note 11.
Email Marketing Services	$169/mo. for up to 5,000 emails	Due monthly on the 15th day of the month	Only payable if you choose to use this service. See Note 13 and Note 11.
Postcard Marketing Services	$199/mo. for up to 120 postcards, and $1.65 per additional postcard.	Due monthly on the 15th day of the month	Only payable if you choose to use this service. See Note 14 and Note 11.
Phone and Messaging Services	$34.99 per month per user, plus $0.012 cents per text message.	Due monthly on the last business day of the month.	Only payable if you choose to use this service. See Note 15 and Note 11.

Notes:

1. **Generally.** You must pay all fees, payments, and charges described in Item 6 to us or our affiliates through EFT direct debit or by such other means as we may require. You must sign the EFT Authorization attached as Exhibit 4 to the Franchise Agreement. This form authorizes us to debit your bank account for all fees and other amounts you may owe us or our affiliates at the times we determine. None of the fees in

the chart above are refundable. We intend that all fees will be uniform for all new franchisees, subject to the discounts in Item 5. Unless otherwise stated above, all fees and other amounts in the chart above are due to us on the 15th day of each month for the prior month, or on such other day as we may require. We do not collect or impose fees on behalf of any third party. If we have to pay a tax on any amounts you pay to us under the Franchise Agreement, you must pay us as an additional fee, equal to the amount of the tax (excluding any income taxes we must pay). We may change your payment schedule with respect to any fees or other amounts due to us or our affiliates under your Franchise Agreement (i.e., modifying monthly payment to weekly), or require you to use any other method of payment, upon 30 days' notice to you. If the due date for any payment is not a business day, the payment will be due on the next immediate business day.

If the Franchise Agreement is subject to a Multi-Territory Development Addendum we will provide in the Addendum the deadline by which you must commence operation of each Franchised Business in the territory.

2. **Gross Sales.** "Gro**ss** Sales" includes all of your revenue from the operation of the Franchise, including customer sales, equipment sales, equipment rentals, cash sales, fees, financing and sales tax. Gross Sales excludes your costs of financing. You may not deduct discounts, rebates, referral fees, return costs or any other costs from Gross Sales.

3. **Continuing Royalty Fee.** You must pay us a monthly Continuing Royalty in an amount equal to 5% of Gross Sales or $1,500 per month, whichever is greater. Your first payment of a Continuing Royalty is due for the month in which your Franchised Business commences operations in its territory, as determined by us. If your Franchised Business operates in more than one contiguous territory, you may request to combine the Continuing Royalty payable for each territory in an attempt to achieve the minimum Continuing Royalty payment of $1,500. Your Continuing Royalty will be different if you are in either of the programs discussed below:

- Franchise Option Program - Continuing Royalty equal to 9% of Gross Sales for the initial term of the Franchise Agreement.

- Conversion Franchise Program - Continuing Royalty reduced to 2% of Gross Sales or $1,500, whichever is greater, for the first 24 months of the Franchise Agreement.

If the Franchise Agreement is subject to a Multi-Territory Development Addendum, and we elect to extend the time for you to begin operating in your territory, you must pay us the minimum monthly flat fee amount called for by the Continuing Royalty calculation in the Franchise Agreement, beginning as of the original commencement date in the Rider. If you subsequently begin to operate in the territory, your Continuing Royalty will be determined based on the complete Continuing Royalty calculation in the Franchise Agreement (minimum guarantee with percentage fee).

4. **Brand Fund Fee**. You must pay us a monthly Brand Fund Fee equal to 2% of your monthly Gross Sales. The Fee is non-refundable and is due at the same time as the Continuing Royalty.

5. **Convention Fee.** We may from time-to-time conduct conventions or host meetings of some or all of our franchisees. ("Conventions"). You must attend one or more of our Conventions and pay all of your expenses incurred in connection with attending the Conventions, including registration, transportation, meals, lodging and living expenses. We determine the duration, curriculum and location of the Conventions. You must pay the applicable registration fee for at least 1 person for each mandatory Convention per year that we hold. The fee is due before the Convention. This fee is not refundable and we

will collect it even if you do not attend the Convention. If you own and operate more than one Heating + Air Paramedics Franchise, you will only be obligated to pay a single Convention registration fee.

6. **Technology Fees**. Except as discussed below, you must pay us the monthly Technology Fee. If this is your first Heating + Air Paramedics franchise, you will receive, at no additional charge, 4 Heating + Air Paramedics branded email user licenses. If you are purchasing a second or contiguous territory or territories we may waive the Technology Fee for such second or additional territory or territories. If you are purchasing a second or additional Heating + Air Paramedics franchise territory, or if you want to purchase additional email licenses for use in your Heating + Air Paramedics franchise territory, you must pay the then-current per license charge for additional licenses.

7. **Field Service Software.** You must purchase the field service software, the financial management software, and any other software we designate from our approved supplier. You must purchase at least one tenant account for the field services software if this is your first Franchised Business. You must pay the then-current fee for the software and user licenses, as that fee is determined by our vendors. The current fee is $1,000 to set up your initial tenant account and $279 per month per user license. You may additionally purchase the integrated marketing features for the field service software for $300 per month per integration. The current fee for financial management software is $25 a month per license.

8. **Digital Marketing Services.** You must purchase from us digital marketing services that include reporting, keyword tracking, blog posts, digital strategy, and business profile management and posting. The cost for this digital marketing service is $375 per month. We also offer an add-on marketing intelligence tool, which is optional. The add-on marketing intelligence tool is an additional $49 per month. We may also provide paid lead generation service across multiple digital platforms. If you would like to use this service, the fee is 20% of total advertising spend or $100 per month, whichever is greater.

9. **Training.** We provide our Initial Training Program for up to 4 attendees (you, or if you are an entity one of your owners, and three additional attendees) at no additional charge. If you will have more than 4 attendees at the Initial Training Program, or if you elect to send persons to a future Initial Training Program after you have commenced operating the Franchised Business, then we will charge for each attendee, our then-current attendance fee. We may conduct additional training programs at a venue we select. We will charge our then-current registration or attendance fee for any additional training programs. You are responsible for all expenses related to you and your attendees' attendance at our Initial Training Program and any other programs.

10. **Interest.** If any fee or payment due under the Franchise Agreement is not paid on the date it is due, you must pay to us interest at the rate of the lesser of 12% per annum, or the maximum rate permitted by applicable law, from the date these amounts were originally due. Also applies to amounts owed due to understatements of Gross Sales from the date of the understatement until the amount is paid in full.

11. **Increases.** We reserve the right to increase this fee or other amount periodically during the term of your Franchise Agreement. We will not increase this fee or other amount more than once per calendar year and we will not increase this fee or other amount by more than 10% of the then-current fee or amount, except as disclosed below. We may increase this fee or other amount for any reason, including increases in the costs we incur to provide these services, or cost increases imposed on us by suppliers or other third-parties. Adjustments are compounded annually and cumulative including increases in any given year of greater than 10% to adjust for prior years when no increase, or an increase of less than 10%, was implemented. We will provide 30 days' notice of any change to a fee or other amount.

The annual adjustment cap discussed above does not limit our or our affiliates' ability to increase any fee or other amount that is "optional", meaning that it is charged by us or a third party for a service or product

that you are not required to purchase under the terms of your Franchise Agreement. It also does not apply to fees or other charges where we or an affiliate are collecting fees or other amounts on behalf of third-party vendors. We or the third party may increase these fees or other amounts without restriction.

12. **Agentic Assistance**. We provide agentic customer assistance services for a per-conversation fee. Franchisees can use our agentic assistant for 'engagement conversations' with prospective customers inquiring about HAP products and services, including estimates. Franchisees can also use our limited agentic assistant to manage customer appointments and limited post-appointment communications. The fee is $2.50 per engagement conversation and $0.75 per conversation for pre- and post- appointment communications.

13. **Email Marketing Services.** We offer an integrated email marketing tool that allows franchisees to create and deliver email marketing pieces to current and prospective customers. The cost is $169 per month for up to 5,000 emails.

14. **Postcard Marketing Services**. You may order from us marketing postcards to mail to current and prospective customers. The cost is $199 per month for up to 120 standard postcards. You can purchase additional postcards for $1.65 per postcard.

15. **Phone and Messaging Services.** We are an approved supplier of phone and text message services. You may purchase from us a phone number and text message services at our then-current charges, which are currently $34.99 per month per user and $0.012 cents per text message. You will receive one assigned phone number per user. If you want to purchase additional phone numbers for a single user, there is an additional fee which is currently $5 per additional local phone number assigned and $10 for additional toll-free phone number assignments.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	$40,000	Lump Sum	At signing of Franchise Agreement	Us
Initial Marketing Package (Note 2)	$7,500 to $14,600	Lump Sum	Within 30 days of signing the Franchise Agreement	Supplier
Vehicle (Note 3)	$5,500 to $11,500	As incurred	Prior to opening	Car dealers, wrap vendors, installers
Initial Training (Note 4)	$2,000 to $5,000	As Incurred	During Training	Employees, Airlines, Hotels and Restaurants
Equipment (Note 5)	$5,000 to $25,000	As Incurred	Upon taking possession of a facility	Suppliers
Facility Lease and Build-out (Note 6)	$0 to $8,000	As Incurred	As Incurred	Landlord and contractors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Technology (Note 7)	$1,935 to $8,160	As Incurred	Upon taking possession of a facility	Suppliers
Initial Inventory (Note 8)	$1,000 to $15,000	As Incurred	As Incurred	Suppliers
Miscellaneous Opening Costs (Note 9)	$13,000 to $16,000	As Incurred	As Incurred	Us, Suppliers and Governmental Agencies
Additional Funds – 3 Months (Note 10)	$25,000 to $50,000	As Incurred	As Incurred	Suppliers, Employees
Total (Note 11)	**$100,935 - $193,260**			

Notes:

1. **Initial Franchise Fee.** Except as discussed in Item 5 for new franchisees in our Franchise Option Program, this fee is non-refundable.

2. **Initial Marketing Package.** This fee is non-refundable. The package includes front-door colored decals/vinyl prints, interior wall decals/prints, framed posters/wall hangings, marketing and promotional materials, business cards, referral cards folders, stickers, yard signs and flyers. We will designate the amount of materials you must purchase based on the size of your market and your prior industry experience. The fee will also vary depending on the style and type of exterior sign you purchase. You must purchase this package from our approved supplier.

3. **Vehicle.** We recommend that you lease a Ford 250 Tall-Top Transit 148 WB or equivalent. The estimate provided reflects the first three months and the deposit costs of leasing a new vehicle, based on standard dealer stock prices, and having that vehicle wrapped and outfitted with a rack and mounting fixtures. The low estimate does not include taxes and fees as those will depend upon your state and the high estimate assumes these taxes and fees are financed in the lease. These costs are not refundable.

4. **Initial Training.** These amounts are estimates of the costs to attend our Initial Training Program. The low estimate assumes only one person attends the Initial Training Program and the high estimate assumes 4 people attend the Initial Training Program. These estimates assume the training takes place at a location in your franchise territory.

5. **Equipment.** These costs are non-refundable. You must purchase certain equipment to operate the Franchised Business, including a hammer drill, a duct cleaning machine, shelving and other storage equipment.

6. **Facility Lease and Build-Out.** These costs are non-refundable. You must locate, have approved and lease a facility for the operation of your Franchised Business within 12 months from signing your Franchise Agreement. If you lease a facility before opening your Franchised Business then you may incur costs including furnishings, utilities and build-out. The low estimate assumes that you do not lease a facility during the first three months after signing the franchise agreement. The high estimate assumes three months of lease payments for a 1,000 square foot facility meeting our specifications including suitable phone/internet service and power, a front door, an overhead door, an office workspace and a warehouse or garage space suitable for storing a vehicle and necessary inventory and equipment. The estimate assumes a lease rate of $20 per square foot and the payment of one month's rent as a security deposit. We have assumed minimal build-out costs for your facility.

7. **Technology.** These costs may be refundable. The technology costs assume the purchase of between 1 and 2 sets of equipment, which include either a desktop or laptop computer, a printer, a scanner, a copier, full internet access with appropriate network security, point-of-sale software, estimating and proposal software, job costing software, financial and accounting software, a mobile device (e.g., iPad or Android tablet) that is suitable to run our job costing software, and a mobile credit card processer. The high estimate assumes you purchase 2 sets of equipment at the upper end of the market price range for such items.

8. **Initial Inventory.** The initial inventory you need to purchase will vary. The low estimate is to stock the required vehicle and the high estimate is to stock an approved facility. These costs may be refundable.

9. **Miscellaneous Opening Costs.** This estimate includes insurance meeting our minimum requirements, uniforms, printed materials, legal costs and utilities. These costs are non-refundable.

10. **Additional Funds.** This amount includes estimated operating expenses you should expect to incur during the first 3 months of operation, which includes permits and licensure, insurance premiums, maintenance and repair costs. It excludes real estate lease costs which are covered above, any revenue generated by your Franchised Business, taxes, and compensation for your employees as compensation depends on the region of the country your Franchised Business is in as well as the location of your Franchised Business in that region.

11. **Total.** This is only an estimate of your initial investment and is based on our estimate of costs and market conditions prevailing as of the issuance date of this disclosure document. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. Except as disclosed in Item 10, we do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your business experience, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest or debt service obligations. We relied on our experience operating a corporate location from 2021 to 2024 and information provided by our franchisees to prepare these estimated expenses.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers and Specifications

We may require you to purchase or lease goods, services, supplies, equipment, computers, including technology systems, or any other items from our approved suppliers, which may be us, an affiliate or a third party. We may also require that certain items that you use in the operation of your Franchised Business must meet our specifications or other standards. We do not provide specifications for standard commercial products or services, but we may develop specifications for customized products and services. For the goods, services, supplies, equipment, computers, including technology systems, or other items that we require to be purchased in accordance with our specifications or from an approved supplier, you may request our approval for alternate suppliers or products if you can demonstrate that such alternate suppliers or products meet our standards and we have not named a single supplier for the item. All requests must be submitted in writing. We do not charge a fee for our review of an alternative supplier. We may require that our representatives be allowed to inspect the supplier's facilities and/or that a sample of its product be made available for testing or inspection. You will be responsible for the cost of any testing or inspection that is required. We will generally notify you of our approval or disapproval in writing within 30 days of our receipt of all the information we require and we have completed any testing that is necessary.

If we establish specifications or designate specific suppliers for particular items, we will publish our requirements in the Manual(s) and will provide the specifications for the suppliers that we have approved. We may, at any time change, delete, or add to, any of our specifications or standards.

Except as disclosed in this Item 8, we do not require you to purchase or lease any goods, services or supplies from a restricted source of supply. Except for us, there are no approved suppliers in which any of our officers owns an interest.

You must purchase from our approved supplier the Initial Marketing Package, which includes window decals, interior and exterior signage, wall decals, business cards, referral cards folders, stickers, flyers, and sales brochures. You must purchase and use uniforms and branded apparel that meet our standards and specifications.

You must acquire a vehicle for use in the operation of the Franchised Business that meets our specifications. You may purchase or lease this vehicle from any party you choose. You must have your vehicle wrapped to meet our specifications. You may choose your own installer or detailer to wrap the vehicle.

You must have computer equipment, including either a desktop or laptop computer, a printer, a scanner, a copier, full internet access with appropriate network security, point-of-sale software, field service software, scheduling software, estimating and proposal software, job costing software, financial management and accounting software, customer management software, a mobile device (e.g., iPad or Android tablet) that is suitable to run our job costing software, and a mobile credit card processer, all of which must meet our specifications. You may purchase these items from any supplier.

We are an approved supplier of various services, tools and other items that you may choose to use to market your Franchised Business and its services, including phone and text messaging services, agentic customer assistance services, an email marketing tool that will allow you to create and deliver email marketing and postcards that can be sent to current and prospective customers.

You must acquire a single office, garage or warehouse facility that meets our requirements, which include being a minimum of 1,000 square feet in size and suitable to store your vehicle and necessary equipment and inventory. You may acquire the property from any supplier.

Your insurance must meet our specifications as to coverage and limits we specify from time to time. You must purchase such insurance from an A-rated carrier. We currently require you to carry:

(i) Comprehensive general liability insurance, including errors and omissions coverage and products and ongoing or completed operations and personal and advertising injury coverage, in the amount of at least $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate;

(ii) Comprehensive automobile liability insurance in the amount of at least a combined single limit for bodily and property damage of $1,000,000.00, or greater if required by state law;

(iii) Umbrella liability coverage over general liability, including automobile and employer's liability, with at least $1,000,000 per occurrence;

(iv) Workers' compensation coverage in the limits required by state law, employer's liability insurance with limits of $500,000 per accident; $500,000 per employee disease; and $500,000 policy limit for disease; and

(v) Business interruption insurance in an amount no less than the amount necessary to satisfy your obligations under the Franchise Agreement and any leases for office or warehouse space for a minimum period of six months.

You can expect that the items you purchase to meet our specifications will represent 75% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that must meet our specifications will represent approximately 60% of your total annual expenses.

Purchases from us or our Affiliates

As discussed above, we or our affiliates may be approved suppliers for goods, services, supplies, equipment, computers, including technology systems, or any other items used in the operation of your Franchised Business. We may be the sole approved supplier for various items. For any items that we or our affiliates sell to you, we intend to make a profit on the sale of any such items. We may also receive revenue indirectly from your purchase or lease of items. For example, we may receive rebates, volume discounts, promotional incentives or other revenue arising from your purchase of products and services, whether these products and services are required to be purchased by you or are required to be purchased from a particular supplier, or otherwise. We will retain all of these amounts along with any amounts we receive from our sale of products or services to you.

In 2025 we received $19,612 from required purchases or leases by our franchisees, representing approximately 5% of our total revenues of $414,264. This information was taken from our internal financial records. We did not receive any revenue from rebates or vendor payments in 2025.

Purchases from Sole Suppliers

As discussed above, we may designate a sole supplier for any goods, services, supplies, equipment, computers, including technology systems, or any other items that you may use in your Franchised Business. The sole supplier may be us, an affiliate or a third party. We do not intend to approve other supplies for those items for which we have designated a sole supplier.

We are the sole supplier of digital marketing services, including reporting, keyword tracking, blog posts, digital strategy, and business profile management and posting. We are also the sole supplier of the add-on and plug-in marketing intelligence tool for use with our digital marketing services. We do not intend to approve another supplier for these services or tools. We are an approved supplier of paid lead generation services. We are also the sole supplier of Heating + Air Paramedics branded emails. We do not intend to approve other suppliers for these items.

We have sole suppliers for the scheduling software, proposal-writing software, field service software, customer management software, financial management software and accounting software that we designate and which you must use in your Franchised Business. You must purchase this software from these suppliers. We do not plan on approving other suppliers of this software.

Negotiated Prices

We may negotiate purchase arrangements with our approved suppliers on your behalf, including price terms.

Material Benefits

We do not provide any material benefits to you based on your use of designated or approved suppliers.

Cooperatives

We do not have any purchasing or distribution cooperatives.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Agreement	Disclosure Document Item
A.	Site selection and acquisition/lease	Sections 4, and 6 of Franchise Agreement	Items 7, 11 and 12
B.	Pre-opening purchases/leases	Sections 4 and 6 of Franchise Agreement	Items 5, 7, 8 and 11
C.	Site development and other pre-opening requirements	Sections 4, and 6 of Franchise Agreement	Items 5, 7, 8 and 11
D.	Initial and ongoing training	Section 5 of Franchise Agreement	Item 6, 7 and 11
E.	Opening	Sections 4 and 6 of Franchise Agreement	Item 11
F.	Fees	Sections 3, 5, 6, 9, 10, 11,17, 24, 25, 28, 31 of Franchise Agreement	Items 5, 6, 8 and 11
G.	Compliance with standards and policies/Operations Manual	Sections 1, 4, 5, 6, 8, 10, 11, 12, 14 and 21 of Franchise Agreement	Items 8, 11, 15 and 16
H.	Trademarks and proprietary information	Sections 7, 8 and 15 of Franchise Agreement	Items 8, 13 and 14
I.	Restrictions on products/services offered	Sections 5 and 6 of Franchise Agreement	Items 8 and 16
J.	Warranty and customer service requirements	Section 6 of Franchise Agreement	Items 6 and 16
K.	Territorial development and sales quotas	Section 4 of Franchise Agreement	Item 12
L.	Ongoing product/service purchases	Sections 5 and 6 of Franchise Agreement	Item 8
M.	Maintenance, appearance and remodeling requirements	Sections 4, 6 and 19 of Franchise Agreement	Not Applicable
N.	Insurance	Section 13 of Franchise Agreement	Items 6, 7 and 8
O.	Advertising	Sections 11 of the Franchise Agreement	Items 6 and 11
P.	Indemnification	Sections 6, 25 and 31 of Franchise Agreement	Not Applicable

Obligation		Section in Agreement	Disclosure Document Item
Q.	Owner's participation / management / staffing	Sections 6(f) of Franchise Agreement	Items 11 and 15
R.	Records and reports	Section 12 of Franchise Agreement	Item 6
S.	Inspections and audits	Section 12 of Franchise Agreement	Items 6 and 11
T.	Transfer	Sections 17 and 18 of Franchise Agreement	Items 6 and 17
U.	Renewal	Section 3 of Franchise Agreement	Items 6 and 17
V.	Post-termination obligations	Section 15 of Franchise Agreement	Items 6 and 17
W.	Non-competition	Section 21 of Franchise Agreement	Item 17
X.	Dispute resolution	Section 24 of Franchise Agreement	Item 17
Y.	Guaranty of franchisee obligations	Franchise Agreement, Exhibit 2	Item 15
Z.	Spousal Non-Disclosure and Non-Competition Agreement	Section 22 of Franchise Agreement	Item 15

ITEM 10
FINANCING

Except as disclosed below, we offer no financing arrangements to our franchisees. We do not receive payment or other consideration for the placing of financing. We do not guarantee any note, lease or obligation you enter into for your Franchised Business.

We may offer financing of up to the full amount of the Initial Franchise Fee as disclosed in Item 5 to prospects who meet our qualifications, including creditworthiness. If you qualify and accept financing from us, you must sign the Promissory Note attached as Exhibit 8 to the Franchise Agreement. Your owners must guarantee the payment of all amounts you owe under the Promissory Note.

The Promissory Note will provide for payment by electronic funds transfer (EFT) in scheduled monthly installments of up to 24 months. We will charge interest at an annual rate of 12%. The Promissory Note may be prepaid at any time without penalty.

If you fail to make payment under the Promissory Note within 10 days after a payment date we may impose a late charge of 5% of the unpaid amount. If any payment is not made within 30 days after the due date we may impose an additional late charge of 5% of the unpaid amount plus a 5% late charge of the unpaid amount for each 30-day period that the amount remains unpaid. (Section 1).

Under the Promissory Note, you waive: (1) the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce your obligations under the Note (Section 6); (2) the right to demand, presentment for payment, notices of nonperformance or nonpayment, protest and notice of protest, notice of dishonor, diligence in bringing suit and notice of acceleration (Section 7); (3) questions of governing law, personal jurisdiction and convenience of forum and venue (Sections 12 and 14); (4) trial

by jury (Section 13); and (5) all claims that you may have against us and any persons and entities related to us, other than our obligations under the Franchise Agreement, accruing on or before the date of the Promissory Note (Section 16). If any of the events of default described in Section 5 of the Note occur, the entire unpaid principal and accrued interest, if any, of the Note will become immediately due and payable without further notice. Under Section 8 of the Note, you must pay all of our expenses and costs of collection, including attorneys' fees and expenses, court costs, costs of sale and costs of maintenance and repair we incur in connection with the enforcement of the Note, collection of amounts due and sale or other disposition of any collateral.

A default under the Franchise Agreement or any other agreement with us constitutes a default under the Promissory Note (Section 4). A default under the Promissory Note constitutes a default under the Franchise Agreement, which gives us the right, among other remedies, to terminate the Franchise Agreement.

We may sell, assign or discount the Promissory Note. If we do assign the Promissory Note we will not remain primarily obligated under the Note. You will also lose all of your defenses against us as they relate to the Promissory Note as a result of the sale or assignment (Section 17).

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

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

Our Pre-Opening Assistance

(1) Review your site to approve or disapprove it based upon our specifications. (Franchise Agreement – Section 4(d)). We do not provide you with site selection or build-out assistance at your chosen facility. We do not sell any sites. Although we will provide a sample facility design, you are not obligated to follow our design and we do not conform your premises to local ordinances or building codes or obtain any required permits on your behalf. (Franchise Agreement – Section 4(d)). We will approve or reject your site based on specified criteria, including a minimum size range of 1,000 square feet, suitable phone/internet service and power, a front door, an overhead door, an office work space and a warehouse or garage space suitable for storing a vehicle and necessary inventory and equipment. (Franchise Agreement – Section 6(b)). You must submit to us information and materials we require and obtain our approval of the site. We will generally approve or reject a site that you have proposed within 30 days of your submission of complete site information that we require.

(2) You must secure an approved site, permanent or temporary, and open the Franchised Business within 120 days of the date you sign the Franchise Agreement. If you do not obtain our approval and open the Franchised Business within 120 days, or if you do not obtain our approval for a permanent site within 1 year, we can terminate the Franchise Agreement and retain all amounts you have paid us. (Franchise Agreement – Section 4(b) and Section 14(b)(ii) and 14(b)(iv)).

(3) We provide the Initial Training Program to the principal owner of the Franchise and up to 3 other persons working in the Franchised Business. Your principal owner and any on-site supervisor must complete the Initial Training Program to our satisfaction within 120 days after the date you sign the Franchise Agreement. If any required attendee fails to timely complete the Initial Training Program to our satisfaction we may terminate the Franchise Agreement and retain all amounts you have paid us and our affiliates. (Franchise Agreement – Section 5(a) and Section 14(b)(iii)).

(4) If you are opening your first Franchised Business, we will provide you with 4 Heating + Air Paramedics branded email user licenses for use in your Franchised Business (Franchise Agreement – Section 9(d)).

(5) We will make available to you in electronic form our Operations Manual. We may modify any manual periodically in our discretion. (Franchise Agreement – Section 5(g)). As of the issuance date of this disclosure document, the Operations Manual contains 177 pages. A copy of the table of contents of the Operations Manual is attached to this disclosure document as Exhibit H.

Opening

You must open the Franchised Business within 120 days from the date you sign the Franchise Agreement. We expect the length of time from signing the Franchise Agreement to the opening of your Franchised Business to be no more than 120 days. Some factors that may affect your ability to meet this deadline include how long it takes you to select a suitable site for your Franchised Business and obtaining a lease or sublease; any shortages of, or delays in obtaining any furniture, fixtures, equipment, inventory and supplies, vehicles, and signs; your ability to secure any necessary financing; finding employees; and obtaining any licenses and permits. The Continuing Royalty is due after the first calendar month which is more than 120 days after the signing of the Franchise Agreement or after you open the Franchised Business, whichever is earlier. If you fail to open the Franchised Business within 120 days of signing the Franchise Agreement we can terminate the Franchise Agreement and retain all amounts you have paid us. (Franchise Agreement – Section 14(b)(ii)).

Our Post-Opening Assistance

(1) We may periodically update our standards, in any manner including new computer programs and systems, new types or brands of products or services, new equipment requirements or new techniques, new vehicle standards and branding requirements. (Franchise Agreement – Section 19).

(2) We will provide you with recommendations, and sometimes requirements, for software, equipment, vehicles, office space, warehouse and storage design, inventory, marketing and office management practices. (Franchise Agreement – Section 6). We do not deliver or install these items. Although we may provide you with suggestions for pricing your services and products we have no obligation to do so and you are solely responsible for setting these prices.

(3) We will set accounting and revenue tracking guidelines and standards for creating and submitting monthly and/or annual financial reports to us. (Franchise Agreement – Section 12(a)).

(4) We will furnish you with reasonable operating assistance through our representatives as we deem appropriate. (Franchise Agreement – Section 5(d) and 5(i)).

(5) Provide you for purchase additional Heating + Air Paramedics branded email user licenses. (Franchise Agreement – Section 9(e)).

(6) Provide you with various examples of forms and templates you may customize for use in your Franchised Business. (Franchise Agreement – Section 5(h)).

(7) Provide digital marketing services you must use, add-on digital marketing services you may use, and lead generation services you may use, all subject to your payment of the fees we charge for these services. (Franchise Agreement – Section 5(i)).

(8) Establish an Internet Presence to market your Franchised Business and provide you with certain services as we may determine from time-to-time, including support and management services for any Internet Presence, such as a website, business profile or review platform, that we approve for your use. (Franchise Agreement – Section 5(i)). (Franchise Agreement – Section 11(d)).

(9) Upon your request and payment of our fees, provide you with phone and messaging services, agentic customer solicitation and assistance technology, and certain email and postcard marketing services (Franchise Agreement – Sections 5 (l) and (m))

Advertising Programs

We have no obligation to conduct advertising on your behalf or for the Heating + Air Paramedics franchise system.

Brand Fund

We are currently collecting a monthly Brand Fund Fee. The Brand Fund Fee is 2% of your monthly Gross Sales. The Brand Fund Fee is non-refundable and is due at the time the Continuing Royalty must be paid. (Franchise Agreement – Sections 9(c) and 10(b)).

During our fiscal year ended December 31, 2025, expenditures from the Brand Fund were as follows: 1% on software subscriptions, 46% on websites, 2% on content creation, 51% on administrative expenses.

Brand Fund Fees are paid into the Brand Fund which is administered by us. The purpose of the Brand Fund is to develop programs that benefit the Heating + Air Paramedics brand. This means we may use monies in the Fund for any purpose that promotes the Heating + Air Paramedics name or any other names we choose to use in the Heating + Air Paramedics System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance, including salaries, and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Fund to pay for coaching and training for the franchisees in marketing, advertising, recruiting and sales. It is our responsibility to determine how monies in the Brand Fund are spent. (Franchise Agreement – Section 11(h)).

We will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house; and decide which media to use, which may include Internet, print, radio, television, direct mail, or local in-store promotions. The Brand Fund will prepare annual income and expense statements that will be available to you upon request. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. If any taxes become due based upon the activities of the Brand Fund, these taxes may be paid out of the funds in the Brand Fund. We can terminate the Fund only after all monies have been spent for advertising and promotion. As our franchise system expands, we may create an advertising council. (Franchise Agreement – Section 11(i))

All Heating + Air Paramedics franchisees must contribute to the Brand Fund based on the terms of their Franchise Agreements, other than our founder who does not contribute to the Brand Fund. Neither we nor our affiliates, with respect to Heating + Air Paramedics businesses operated by us or our affiliates,

contribute to the Brand Fund. No portion of the funds collected will be used principally to sell franchises. However, a brief statement about availability of information regarding the purchase of Heating + Air Paramedics franchises may be included in advertising and other items produced and/or distributed using the Brand Fund. We may collaborate with the advertising and marketing funds of certain franchise systems affiliated with us. There can be no assurance that the Brand Fund's participation in these collaborations and joint efforts will benefit Heating + Air Paramedics franchisees proportionately or equivalently to the benefits received by the other franchised businesses or the other franchised systems affiliated with us that also participate. We are not obligated to make proportionate expenditures of your contributions per market area or otherwise. (Franchise Agreement – Section 11(i)). We do not guarantee that expenditures from the Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We may, but have no obligation to, loan amounts to the Fund and can determine the repayment obligation of the Fund, including interest rate of the loan and repayment terms, as we see fit.

Local Advertising

You must spend a minimum of $6,500 per month on advertising the Franchise to customers and potential customers in your Territory. (Franchise Agreement – Section 11(b)). We may approve you to spend less than $6,500 per month based on the success of your Franchised Business and the quality of your advertising program. You may advertise in any medium, including radio, digital, social media, tv, print and billboards. You may develop and produce your own advertising, provided it meets our standards and we approve it.

We may have advertising and promotional materials along with other marketing services available for sale. All prices will be subject to change at any time. You have no obligation to purchase from us any of these items. (Franchise Agreement – Section 8)

We do not have an advertising cooperative and you are not required to participate in an advertising cooperative. We do not have an advertising council that advises us on advertising policies. If we form one, we anticipate it will only be advisory, as we will make all final decisions as it relates to advertising.

No later than 30 days prior to the opening of your Franchised Business, you must purchase the Initial Marketing Package for use in advertising and promoting your Franchised Business. (Franchise Agreement – Section 6(e)).

Website and Internet Use

We will establish an Internet Presence that we determine to promote the Franchised Business within the Territory. You will provide content for the Internet Presence as we request, including contact and address information, hours of operation, fees, photos, video, social media posts, and such other information about the products and services as we may require. We must approve any and all changes to this content. An "Internet Presence" includes any domain name, URL, website, webpage, landing page, portal, HTML document, online directory, online business profile, review and opinion page or site, social media or social networking site, profile, avatar, account or username, control panel, administrative platform, intranet, JotForm or other form or method of digital or electronic medium or method of communication. (Franchise Agreement, Section 11(d)). You may not establish an Internet Presence without our approval. (Franchise Agreement, Section 11(d)).

We can discontinue operation of an Internet Presence at any time without notice to you. We can modify our policies regarding your use of social media and Internet websites in connection with your Franchised Business as we deem necessary or appropriate. We or our affiliate, as applicable, are the sole owners of any Internet domain name that includes all or any portion of our Marks, as well as any other Internet domain names that we or our affiliates register in the future. You may not register or use any Internet domain name

that contains words used in or similar to any of our Marks, or any abbreviation, acronym, phonetic variation or visual variation of those words or any similar mark, tradename, commercial, symbol logo or other identifier.

We may impose prohibitions on your posting or blogging of comments about us, your business, the System, or other franchisees. These prohibitions include personal blogs, common social networks like Facebook, Instagram, TikTok, X (formerly Twitter), Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like X and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools. (Franchise Agreement – Section 11(g)).

Computer Equipment, Software, Hardware, and Systems

You must have the computer equipment that we require, including either a desktop or laptop computer, a printer, a scanner, a copier, full internet access with appropriate network security, and the software we require which includes point-of-sale software, field service software, customer management software, scheduling software, estimating and proposal software, job costing software, financial management software and accounting software, a mobile device (e.g., iPad or Android tablet) that is suitable to run our job costing software, and a mobile credit card processer. You must subscribe to an Internet service provider or other electronic communication provider or service as we may require and otherwise meeting our standards and specifications. (Franchise Agreement – Section 6(l)).

If you are opening your first Franchised Business, we will provide you with 4 Heating + Air Paramedics branded email user licenses for use in your Franchised Business (Franchise Agreement – Section 9(d)). You can purchase additional licenses at the then-current charges for those licenses. If this is not your first Franchised Business, you can purchase additional licenses from us. (Franchise Agreement – Section 9(e)). See Item 6 for more information on the cost of these licenses.

We estimate the cost of the computer equipment to range between $1,250 and $8,000. We estimate the cost of annual updates and upgrades to range between $275 and $750.

You must upgrade and update your computer systems, including any technology systems, as we require. There are no contractual limitations on our right to require you to make any upgrades or updates to your computer systems, including technology systems and software. This includes any computer equipment, mobile devices, point-of-sale software, field service software, financial management software, customer management software, scheduling software and accounting software, payment processing software, security software, communications software and marketing software. (Franchise Agreement – Section 6(l)). All of your computer systems and other technology systems must meet our specifications and standards as they may change over time.

We will have independent access to all of your computer systems, including any technology systems and software, and all data generated or stored in your systems, including in any accounting or financial systems you may maintain. This data will include financial information, accounting information, customer data, and any other data about your Franchised Business, with the exception of employment records. There are no contractual limitations on our right to access any of these systems or data. (Franchise Agreement – Section 6(l)). You must provide us with any passwords or login ability necessary to access all this data. We may utilize an on-line computer monitoring system to remotely monitor and examine the records of your Franchised Business.

Neither we, nor any affiliate nor any third party has an obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer systems.

The Initial Training Program and Other Training

Initial Training Program

The principal owner of the Franchise and any on-site supervisor of the Franchised Business must attend and complete to our satisfaction our Initial Training Program. The Initial Training Program must be completed before the opening of your Franchised Business, but no later than 120 days after signing the Franchise Agreement. You may have 4 attendees participate in the Initial Training Program. Any other attendees must pay a registration fee, which is currently $500 per day, per person. This cost must be paid before the Initial Training Program begins. Training will take place virtually and at your franchise location or another location designated by us. Training is scheduled as needed to support new franchisees. You are responsible for all costs and expenses of your attendees who attend the Initial Training Program. We estimate the training will require approximately 60 hours. We expect the 60 hours to take from 5-7 business days. (Franchise Agreement – Section 5).

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Facilities and Vehicles	5	4	Virtual and Franchisee or other location
Managerial, Financial & Legal	4	0	Virtual and Franchisee or other location
Marketing & Advertising	5	4	Virtual and Franchisee or other location
Operations Manual	4	0	Virtual and Franchisee or other location
Recruiting	4	0	Virtual and Franchisee or other location
Sales & Customer Service	12	8	Virtual and Franchisee or other location
Technology & Software	4	6	Virtual and Franchisee or other location
Total Hours:	**38**	**22**	

TOTAL ESTIMATED INITIAL TRAINING PROGRAM – 60 HOURS

The primary instructor is Nic Brand, our Brand Leader. Nic has been with our company for less than 1 year, but he has more than 15 years' experience in home services industries and franchising. We may also utilize various other persons as trainers who have worked with us for at least one year and have experience in the area that they are providing the training. We use our Operations Manual as the primary tool in our program.

The Initial Training Program and the training discussed below are for the purpose of protecting the goodwill related to the Heating + Air Paramedics franchise system and the Marks and not to control the day-to-day operation of your Franchised Business.

Conferences and Additional Training Sessions

We may, at our option, conduct conferences or additional training sessions. You may be required to attend these conferences or training sessions/programs. We may, at our option conduct a convention that you must attend. If we hold a convention and you do not attend, you still must pay us the convention registration fee. Any convention or other trainings will be held at the places we specify. Any training may be held partially or wholly virtually. You must pay all fees for these events before the event. We may charge our then current hourly rates for trainers, plus all of their costs and expenses for the training.

ITEM 12
TERRITORY

You must operate the business from a location that we approve. You must receive our written approval before changing locations. You may operate from more than one location within your territory, provided we approve the locations. When considering whether to allow you to change the location of your Franchised Business or operate from additional locations, the new or additional locations must be in your territory, may not be within the territory of another of our franchisees and must meet our other then-current requirements for a location.

You will be awarded a territory that includes a minimum population of 100,000 single-family homes at the time the Franchise Agreement is signed, determined by us through reference to census data published by the United States government. The territory will be delineated by zip codes, Census Tract or other boundaries. As long as you are in compliance with your Franchise Agreement and any other agreements with us and any of our affiliates, we will not operate or grant a third party the right to operate under the Heating + Air Paramedics name a business providing residential heating and air conditioning installation, repair, replacement and maintenance services that is operated from a site physically located in your territory. Other than this limitation there are no other prohibitions on us in your territory.

You may serve customers outside your territory provided that the customer is not located within the territory of another Heating + Air Paramedics franchisee. If we subsequently grant a territory to another franchisee that includes customers you currently service, you will lose the right to service those customers. If you are providing services to a customer outside of your territory under a periodic maintenance agreement, and the customer is included in a territory granted to another franchisee, you may continue to service the customer until the end of the maintenance agreement or for a period of up to 1 year after the grant of the territory to the franchisee, whichever comes first. At the end of that period you must cease providing service and transfer the customer. You must perform all warranty work for all of these customers, even if that warranty work is required to be performed after you have ceased service.

Except as disclosed above, you may not perform services at a residence outside of your territory. You cannot solicit customers via the Internet, telemarketing or other direct marketing efforts unless we approve of those efforts. In any event, all of your advertising must be approved by us, and you must obtain our written approval before you establish any website, web page, or social networking or social media site, profile, account or hashtag, relating to or making reference to us, your Franchised Business or the System.

Reserved Rights

Among other things, we and our affiliates have the right to (a) establish or license franchises and/or company-owned heating and air conditioning services businesses offering similar or identical products and services, (i) under the Marks or other marks anywhere outside of the territory or (ii) under names, symbols, or marks other than the Heating + Air Paramedics mark inside the territory; (b) sell or offer, or license others to sell or offer, any products and services using the Marks or other marks through any similar and dissimilar channels of distribution, including, without limitation, through telephone, mail order, kiosk, retail, co-branded sites and sites located within other retail businesses, Intranet, Internet, websites, wireless, email or other forms of e-commerce, for distribution inside and outside of the territory; (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the territory; and (d) acquire, be acquired by, or merge with other parties that provide heating and/or air conditioning services, and other related services anywhere (including inside or outside of the Territory) and, even if such businesses are located in the territory, and that following an acquisition we may operate, franchise or license those other businesses and/or facilities under any names or marks, including the Marks, regardless of the location of these businesses and/or facilities, which may be inside or outside the Territory. We will not compensate you for any of our activities, including soliciting or accepting orders in your territory, even if they have an impact on your Franchised Business. 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.

We cannot unilaterally change your territory, and there are no minimum quotas required. You will not receive any options, rights of first refusal, or similar rights to acquire additional franchises. We will not pay you any compensation for soliciting or accepting orders in your territory.

ITEM 13
TRADEMARKS

The principal Heating + Air Paramedics commercial symbol which we will license to you appears on the cover of this disclosure document.

You may also use any other current or future trademarks that we may designate to identify Heating + Air Paramedics franchisees. By trademark, we mean trade names, trademarks, service marks, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like and associated logos, designs, symbols, trade dress and other commercial symbols and logos used to identify your business.

The following is a description of the principal trademarks registered on the Principal Register of the United States Patent and Trademark Office (USPTO), which we will license to you (the "Marks"):

Mark	Registration No.	Registration Date
HEATING + AIR PARAMEDICS	7,101,840	July 4, 2023
	7,101,841	July 4, 2023

Mark	Registration No.	Registration Date
	7,101,842	July 4, 2023

There are no effective determinations of the USPTO or of the trademark administrator of any state or court, of any pending interference, opposition, or cancellation proceedings involving any of the Marks. Nor are there any pending proceedings of material federal or state litigation involving the Marks and their use. All registrations for the Marks have been renewed on a timely basis and all appropriate maintenance affidavits have been filed with the USPTO, in each case if applicable. We do not know of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks discussed above. Except as discussed below, there are no currently effective agreements that limit our right to use or license the use of these Marks.

You must notify us immediately when you learn about an infringement of, or challenge to your use of, our trademarks. We have no obligation to protect your right to use any of our trademarks or to protect you against claims of infringement or unfair competition arising out of use of the trademarks. You must notify us of the use of, or claims of rights to, a trademark that is identical to or confusingly similar to our trademarks. If you notify us, we have no obligation under the Franchise Agreement to take any action, but we may. We, not you, have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. If we elect to control the defense and settlement of a claim we will indemnify you against all damages you are held liable for in the proceeding as long as you cooperate fully with us in the defense of the proceeding. But we will not indemnify or reimburse you if we have elected not to assume or control the defense and settlement of the claim, or if the claim against you arises out of your use of the trademarks in violation of the Franchise Agreement.

You must modify or discontinue the use of a trademark if we modify or discontinue it. You have no rights to compensation or otherwise under the Franchise Agreement if we require you to modify or discontinue a trademark. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents nor patent applications pending that are material to a Heating + Air Paramedics franchise.

We claim trade secret and copyright protection for our manuals, intranet and database of materials, forms, video and audio recordings, social media postings, documents, images, training materials, advertising materials, trademarks, trade names, service marks, word marks and trade dress, financial information, our trade secrets and other proprietary and confidential materials whether or not marked or designated as confidential (the "Confidential Information"). These copyrights have not been registered with the United States Registrar of Copyrights. We grant you the rights to use these items for the term of the Franchise Agreement.

You may not use our Confidential Information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. For example, you may not use our Confidential Information, any of the Marks, any part of our system or any of our manuals or their content, for the purpose of machine learning,

augmented human intelligence development, training any artificial intelligence ("AI") model, algorithm improvement, or similar data aggregation activities without our express written consent. You may not, without our prior written consent, input any of our Confidential Information, any of the Marks, any part of our system or the manuals, or any of their content, into any generative AI platform, or disclose this information to any provider or source of generative AI services. You must opt out of allowing any provider or source of generative AI to utilize any of the foregoing for training of any AI model or for other purposes.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the materials we claim copyright protection in nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend our copyrights.

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

You or your principal owner must manage the Franchised Business on a full-time basis, unless we approve otherwise in writing. You or your principal owner if you are not an individual must be the license holder for the Franchised Business, if required by applicable law.

If you want to retain and use an on-site supervisor other than yourself, that person must complete to our satisfaction the Initial Training Program and must be approved by us. We recommend that any on-site supervisor be a properly licensed technician or person with similar heating and air conditioning services experience. Your on-site supervisor must agree to maintain the confidentiality of our Confidential Information, and any other proprietary and trade secret material. The on-site supervisor need not have any ownership interest in your Franchised Business.

If you are a legal or business entity or you transfer your Franchise Agreement to a corporation, limited liability company or partnership, you and any other owners must sign a personal guaranty of all obligations under the Franchise Agreement. The form of personal guaranty is attached as Exhibit 2 to the Franchise Agreement. We do not require your spouse or domestic partner to sign the Franchise Agreement or personal guaranty, but we do require that your spouse or domestic partner sign a Spousal Non-Disclosure and Non-Competition Agreement, attached as Exhibit 6 to the Franchise Agreement. If your spouse or domestic partner breaches this Agreement we can seek remedies and enforce the provisions of that Agreement against both you and your spouse or domestic partner. We can also terminate your Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and provide all the products and services we require. You may not offer or provide any products and services not authorized by us, or which you are not licensed to provide. We may add additional products and services you must offer and can withdraw any products or services we authorize you to provide. You are specifically limited to providing approved products and services to customers who are located in your territory unless we otherwise agree. For example, you may serve customers outside your territory provided that the customer is not located within the territory of another Heating + Air Paramedics franchisee. If we subsequently grant a territory to another franchisee that includes customers you currently service, you will lose the right to service those customers. If you are providing services to a customer outside of your territory under a periodic maintenance agreement, and the customer is included in a territory granted to another franchisee, you may continue to service the customer until the end of the maintenance

agreement or for a period of up to 1 year after the grant of the territory to the franchisee, whichever comes first. At the end of that period you must cease providing service and transfer the customer. You must perform all warranty work for all of these customers, even if that warranty work is required to be performed after you have ceased service.

You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications when providing services through your Franchised Business. Unless we otherwise approve, you cannot operate other businesses from your Franchised Business.

You may not create or issue your own gift cards or gift certificates. You must also participate in all customer programs we require, including any gift card, gift certificate, rewards, coupon, customer satisfaction, or frequent customer, reciprocity, membership or loyalty programs. You must comply with all policies related to any of these programs. We can implement pricing policies, such as maximum price policies, and minimum advertised price policies, and you must abide by these policies.

If you solicit customers or advertise or market in your territory via any means that may extend such solicitation or advertisement or marketing beyond your territory (for example, a mass-market radio or television advertisement), you must notify us in advance and obtain our written approval for the proposed solicitation, advertisement or marketing.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
A.	Length of the Franchise term	Section 3	10 years.
B.	Renewal or extension of the term	Section 3(d)	If you are in good standing and you meet our specified conditions, including signing our then-current franchise agreement, you may renew for one additional term equal to the then-current term we are granting for new Heating + Air Paramedics franchises at that time.
C.	Requirements for Franchisee to renew or extend	Section 3(d)	Notice of intent to renew at least 6 months before expiration, no current defaults, you cannot have received three or more defaults during the term, be current with all amounts due, no defaults of supplier agreements; sign our then-current franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement), pay a renewal fee, and sign our then-current Renewal Amendment to Franchise Agreement, which includes a general release, the current form of which is attached to the Franchise Agreement (subject to state law).

	Provision	Section in Franchise Agreement	Summary
D.	Termination by Franchisee	None	You may terminate on any grounds available under applicable state law.
E.	Termination by Franchisor without cause	Section 6(a) - Multi-Territory Development Addendum	If you have not begun operations under the Franchise Agreement, we can terminate it if we terminate another of your Franchise Agreements under a Multi-Territory Development Addendum. Otherwise, no termination without cause.
F.	Termination by Franchisor (with cause)	Section 14(a)-(b)	We can terminate if you fail to cure a default, or if you default under certain conditions (subject to applicable state law).
G.	"Cause" defined - defaults which can be cured	Sections 14(b)	Any default for which we provide you notice and a period of time to cure, generally 10 days for a monetary default and 30 for a nonmonetary default.
H.	"Cause" defined - defaults non-curable defaults	Section 14	Non-curable defaults; defaults where you fail to cure within the prescribed period; willful understatement of Gross Sales by 3% or more in a calendar month; failing to obtain our approval of a temporary site for the operation of your Franchised Business or open, in either case within 120 days of the date you sign your Franchise Agreement or failure to obtain our approval of a permanent site within 1 year of the date you sign the Franchise Agreement; failure of any required attendee to complete the Initial Training Program to our satisfaction within 120 days of the date of your Franchise Agreement; making a false statement to us; sale or transfer of the Franchise or an ownership interest therein without written consent from us; receiving 3 or more default notices during the term of your Franchise Agreement; conviction of a felony or crime of moral turpitude or crime related to operating the Franchise; insolvency or filing bankruptcy; failure to comply with laws or regulations after notice from the authorities; violating the covenant of confidentiality or non-disclosure in the Franchise Agreement; selling or offering for sale products and services not approved by us; public actions or omissions or social media activity that damages the System or the Marks; failure to operate the Franchise in strict accordance with our standards; infringement of the Marks; abandonment of the Franchise for 3 consecutive calendar days without written permission from us; failure to obtain and maintain the necessary permits, licenses or certifications for the operation of the Franchised Business; failure to purchase and maintain insurance.

Provision		Section in Franchise Agreement	Summary
		Section 7 - Multi- Territory Development Addendum	If Franchise Agreement includes a Multi-Territory Development Addendum and we terminate the Franchise Agreement because you miss the development deadline or for any other reason after you commence operations, we can also terminate all other Franchise Agreements where operations have not commenced.
I.	Franchisee's obligation on termination/non- renewal	Sections 8, 15, 21, 23, 24, 25 and 28	Cease business, de-identify, keep Confidential Information confidential or return it as required, immediately pay amounts due there the Franchise Agreement, pay actual and consequential damages, turn over customer data to us, sign a termination agreement if required, assign accounts receivable, assets or interests in public listings (i.e., telephone numbers) as required, avoid competing with us for 18 months in the Territory and adjacent territories if assigned to other franchisees, name us attorney-in-fact to shut down social media presence or shut down social media presence as required, pay costs of enforcement of any termination obligations.
J.	Assignment of contract by Franchisor	Section 18	No restriction on our right to sell or assign the Franchise Agreement in whole or part (subject to state law).
K	"Transfer" by Franchisee - defined	Section 17(a)	Includes transfer or assignment of the Franchise Agreement, the Franchise, or any ownership interest in the Franchise
L.	Franchisor's approval of transfer by Franchisee	Section 17(a)	We must approve all transfers.
M.	Conditions for Franchisor's approval of transfer	Section 17(d)	Proposed transferee must qualify, must demonstrate financial wherewithal, you must pay all amounts due, you and the proposed transferee must sign our then-current Conditional Consent to Transfer Agreement, which includes a general release, the current form of which is attached as Exhibit E to this disclosure document, and satisfy all of its terms (subject to state law), including payment of a transfer fee, sign our then-current franchise agreement (which may contain materially different terms and conditions than the transferor's original Franchise Agreement), owners must sign a personal guaranty, and completing required training.
N.	Franchisor's right of first refusal to acquire your business	Section 17(b)	We can match any offer for your business.
O.	Franchisor's option to purchase your assets	Section 16	Upon termination or expiration of your Franchise Agreement we have the option to purchase any and all of your operating assets at a purchase price equal to the depreciated book value.

	Provision	Section in Franchise Agreement	Summary
P.	Death or disability of Franchisee	Section 20	In the event of your death or permanent disability or that of any person with a controlling interest in the Franchisee, the executor, administrator, or personal representative must work with us to ensure that not later than 180 days there is a transfer of control or a transfer of the Franchise. The Franchise must continue in operation during the 180 day period.
Q.	Non-competition covenants during the term of the Franchise	Section 21(b)(i)	No diversion of customers to a competitor or involvement in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered in your Franchised Business.
R.	Non-competition covenants after the franchise is terminated or expires	Section 21(b)(ii)	For 18 months after the termination or expiration of your Franchise Agreement you may not divert customers to a competitor or engage or be involved in any manner in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered in your Franchised Business, within your former territory, including from the location of the Franchised Business, or within any immediately adjacent territories to your former territory that are licensed to another Heating + Air Paramedics franchisee.
S.	Modification of the Franchise Agreement	Section 31	No modification of the franchise agreement unless you and we agree in writing, but we can unilaterally change our manuals.
T.	Integration/merger clause	Section 31	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). No other promises are enforceable. However, nothing in the Franchise Agreement or in any related document is intended to disclaim our representations made in this disclosure document.
U.	Dispute resolution by arbitration or mediation	Section 24;	Except for certain claims, all disputes must first be submitted to mediation in the city of our principal office. If the mediation is unsuccessful, all continuing disputes must be arbitrated in the city of our principal office (subject to state law).
V.	Choice of forum	Section 23	In most cases, litigation must be brought in the state or federal court located in Cleveland, Ohio, or if those courts do not have jurisdiction, then in a court of competent jurisdiction within Cuyahoga County, Ohio. (Subject to state law)
W.	Choice of law	Section 23	Ohio law applies (Subject to state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchises.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and 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 that 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.

As of December 31, 2025, there were 8 Heating + Air Paramedics franchises (each a "Franchised Business") operating a total of 22 territories. This Item 19 provides historical Gross Sales and jobs information for the 3 Franchised Businesses operating a total of 15 territories. These Franchised Businesses reported 12 months of Gross Sales for the 12-month period ended December 31, 2025 (the "Relevant Time Period"). We excluded from this Item 19 a total of 5 Franchised Businesses operating 7 territories that did not report revenue for all 12 months during the Relevant Time Period. This included one Franchised Business operating one territory that closed during 2025. This Franchised Business operated for more than 12 months before closing. Of the Franchised Businesses whose data is reported in the chart below, the earliest opened in 2011 as our predecessor and was operated by our affiliate from 2021 until it was sold to a franchisee in April 2024. The most recent Franchised Business opened in 2024. The data below was derived from our system.

GROSS SALES BY FRANCHISED BUSINESS

Franchise	Gross Consumer Sales	Jobs	Territories
Franchised Business No. 1	$3,708,514	2,832	11
Franchised Business No. 2	$1,661,177	1,451	2
Franchised Business No. 3	$391,891	187	2

NOTES TO THIS ITEM 19

1. For purposes of this Item 19 "Gross Sales" includes all revenue from the operation of the franchised Business, including customer sales, equipment sales, equipment rentals, cash sales, fees, financing and sales tax. Gross Sales excludes costs of financing. We have not deducted discounts, rebates, referral fees, return costs or any other costs from Gross Sales. This is the same definition as used in the Franchise Agreement. "Jobs" as disclosed in the chart above means all individual customer service visits performed by a Franchised Business and reported in our system.

2. The dollar amounts shown in this Item 19 have been rounded to the nearest dollar.

3. Gross Sales do not reflect any costs of sales, operating expenses or other costs and expenses that must be deducted from Gross Sales figures to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. Other franchisees may be one source of this information.

4. Franchised Businesses operating in more than one territory do not separate their revenue among territories when reporting it to us so it is combined in the charts above.

Some Heating + Air Paramedics Franchised Businesses have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation for the financial performance representations in this Item 19 will be made available to you in writing, upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Kelli Schroeder at 17700 Saint Clair Avenue, Cleveland, Ohio 44110, telephone (617) 997-4729, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

All of the information in the tables below is as of December 31 of the applicable year.

Table No. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2023 to 2025

(Column 1) **Outlet Type**	(Column 2) **Year**	(Column 3) **Outlets at the Start of the Year**	(Column 4) **Outlets at the End of the Year**	(Column 5) **Net Change**
Franchised	2023	3	5	+2
	2024	5	16	+11
	2025	16	22	+6
Company-Owned*	2023	1	1	0
	2024	1	0	-1
	2025	0	0	0
Total Outlets	2023	4	6	+2
	2024	6	16	+10
	2025	16	22	+6

*The "company-owned" outlet disclosed in the Table above was owned and operated by our affiliate.

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR YEARS 2023 to 2025

(Column 1) **State**	(Column 2) **Year**	(Column 3) **Number of Transfers**
All States	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table No. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS 2023 to 2025

(Col. 1) **State/Province**	(Col. 2) **Year**	(Col. 3) **Outlets at Start of Year**	(Col. 4) **Outlets Opened**	(Col. 5) **Terminations**	(Col. 6) **Non-Renewals**	(Col. 7) **Reacquired by Franchisor**	(Col. 8) **Ceased Operations–Other Reasons**	(Col. 9) **Outlets at End of Year**
Arizona	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
California	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	1	0	0	0	0
Florida	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Indiana	2023	1	0	0	0	0	0	1
	2024	1	11	1	0	0	0	11
	2025	11	0	0	0	0	0	11
Missouri	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Nevada	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
North Carolina	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	3	0	0	0	0	3
South Carolina	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	0	0	0	0	0	2

(Col. 1) **State/Province**	(Col. 2) **Year**	(Col. 3) **Outlets at Start of Year**	(Col. 4) **Outlets Opened**	(Col. 5) **Terminations**	(Col. 6) **Non-Renewals**	(Col. 7) **Reacquired by Franchisor**	(Col. 8) **Ceased Operations–Other Reasons**	(Col. 9) **Outlets at End of Year**
Tennessee	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
	2025	0	0	0	0	0	0	0
Texas	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
Total	2023	3	3	1	0	0	0	5
	2024	5	13	2	0	0	0	116
	2025	16	7	1	0	0	0	22

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2023 to 2025

(Col. 1) **State**	(Col. 2) **Year**	(Col. 3) **Outlets at Start of Year**	(Col. 4) **Outlets Opened**	(Col. 5) **Outlets Reacquired From Franchisees**	(Col. 6) **Outlets Closed**	(Col. 7) **Outlets Sold to Franchisees**	(Col. 8) **Outlets at End of Year**
Indiana	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
	2025	0	0	0	0	0	0
Totals	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
	2025	0	0	0	0	0	0

Table No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2025

(Column 1) **State**	(Column 2) **Franchise Agreements Signed But Outlet Not Opened**	(Column 3) **Projected New Franchised Outlet in the Next Fiscal Year**	(Column 4) **Projected New Company-Owned Outlets in the Next Fiscal Year**
Arizona	0	1	0
Arkansas	0	1	0
Colorado	0	1	0
Florida	0	2	0
Georgia	2	2	0
Idaho	0	1	0
Nevada	0	1	0
South Carolina	0	0	0
Tennessee	0	1	0
Texas	6	2	0
Washington	0	1	0
Total	8	13	0

Exhibit F contains a list of all of our franchisees as of December 31, 2025 and the address and telephone number of each of their outlets. Exhibit F also contains a list of franchisees (name, city and state, and telephone number) who have had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily, ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2025, or who had not communicated with us within 10 weeks of the issuance date of this disclosure document. There is 1 franchisee on that list. If you buy this franchise, your contact information may be disclosed to other buyers when you leave

During the last 3 years current and former franchisees have signed 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 of those franchisees will be able to communicate with you.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Included as Exhibit B is the audited consolidated financial statements of our parent, HS Group Holding Company, LLC, for the years ended December 31, 2025, December 31, 2024 and December 31, 2023. We have also included the unaudited Balance Sheet and Income Statement of HS Group Holding Company, LLC, as of, and for the period ended, February 28, 2026. Our parent, HS Group Holding Company, LLC guarantees our performance under the Franchise Agreement (see Exhibit B).

ITEM 22
CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document:

C. Franchise Agreement and Exhibits

1. Territory
2. Guaranty Agreement
3. Telephone Listing Agreement
4. Electronic Funds Transfer Authorization
5. Franchise Option Amendment
6. Spousal Non-Disclosure and Non-Competition Agreement
7. Franchise Compliance Questionnaire
8. Promissory Note
9. Renewal Amendment
10. Multi-Territory Development Addendum
11. Novation Agreement

D. State Specific Addenda
E. Form of Conditional Consent to Transfer Agreement
G. Conversion Franchise Addendum

ITEM 23
RECEIPTS

See the last two pages of this disclosure document for detachable documents (one for retention by you and one for us) acknowledging receipt of the disclosure document by you.

EXHIBIT A

PHP FRANCHISE, LLC

LIST OF STATE AGENCIES / AGENTS

FOR SERVICE OF PROCESS

Our registered agent in the State of Ohio:

CT Corporation
4400 Easton Commons
Suite 125
Columbus, OH 43219

STATE	AGENCY	PROCESS, IF DIFFERENT
California	Department of Financial Protection and Innovation 651 Bannon Street, Suite 300 Sacramento, CA 95811	Commissioner of Financial Protection and Innovation 651 Bannon Street, Suite 300 Sacramento, CA 95811
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, HI 96813 808-586-2722	
Illinois	Office of Attorney General Consumer Protection and Franchise Division 500 South Second Street Springfield, IL 62701 217-782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204 371-232-6681	Indiana Secretary of State 200 West Washington Street Indianapolis, Indiana 46204
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore Maryland 21202
Michigan	Corporate Oversight Division Franchise Section Michigan Dept of Attorney General G. Mennen Williams Building, 5th Floor 525 West Ottawa Street Lansing, MI 48913 517-335-7567	
Minnesota	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 651-539-1500	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 212-416-8222	New York Secretary of State 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 212-416-8236
North Dakota	North Dakota Insurance & Securities Department 600 East Boulevard Avenue, Dept 401 Bismarck, ND 58505 701-328-2910	North Dakota Insurance & Securities Department Insurance Commissioner 600 East Boulevard Ave., Dept 401 Bismarck, ND 58505

STATE	AGENCY	PROCESS, IF DIFFERENT
Rhode Island	Rhode Island Division of Securities Department of Business Regulations Bldg. 69, 1st Floor John O. Pastore Complex 1511 Pontiac Ave. Cranston, RI 02920 401-222-3048	
South Dakota	Department of Labor and Regulation Director of Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 605-773-3563	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Washington Dept. of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 360-902-8760	Director Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Wisconsin Dept. of Financial Institutions Division of Securities Administrator of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-8557	

EXHIBIT B

FINANCIAL STATEMENTS AND GUARANTEE

HS Group Holding Company, LLC and Subsidiaries

Consolidated Financial Report

December 31, 2025

HS Group Holding Company, LLC and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
HS Group Holding Company, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of HS Group Holding Company, LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2025 and 2024 and the related consolidated statements of operations and comprehensive income, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

PRAXITY™
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To the Board of Directors
HS Group Holding Company, LLC and Subsidiaries

In performing audits in accordance with GAAS, we:

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

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

Plante & Moran, PLLC

March 12, 2026

HS Group Holding Company, LLC and Subsidiaries

Consolidated Balance Sheet

December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 4,013,582	$ 4,973,924
Accounts receivable:		
Trade - Net of allowance for credit losses	3,114,439	4,622,137
Unbilled	2,674,339	2,384,114
Other	35,836	12,786
Inventory	451,122	349,518
Prepaid expenses and other current assets:		
Prepaid expenses	1,854,770	763,549
Deferred broker and commission costs	1,193,335	831,913
Other current assets	209,032	81,861
Total current assets	13,546,455	14,019,802
Property and Equipment - Net (Note 4)	1,221,698	1,495,493
Operating Lease Right-of-use Assets - Net (Note 7)	2,108,358	2,886,019
Goodwill - Net (Note 5)	45,550,345	53,613,567
Intangible Assets - Net (Note 5)	22,059,123	26,034,323
Deferred Commission Costs - Net of current portion	4,596,696	3,210,287
Other Assets	109,825	182,893
Total assets	**$ 89,192,500**	**$ 101,442,384**
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	$ 2,065,328	$ 2,133,975
Current portion of long-term debt (Note 6)	772,465	30,434,803
Current portion of operating lease liabilities (Note 7)	582,570	1,237,822
Deferred franchise fees	1,852,726	1,717,585
Accrued compensation and other current liabilities	3,221,149	1,722,910
Total current liabilities	8,494,238	37,247,095
Long-term Debt - Net of current portion (Note 6)	30,082,687	-
Operating Lease Liabilities - Net of current portion (Note 7)	1,621,710	1,704,010
Deferred Franchise Fees - Net of current portion	6,197,568	6,040,806
Total liabilities	46,396,203	44,991,911
Members' Equity	42,796,297	56,450,473
Total liabilities and members' equity	**$ 89,192,500**	**$ 101,442,384**

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries

Consolidated Statement of Operations and Comprehensive Income

Years Ended December 31, 2025 and 2024

	2025	2024
Recurring Revenue	$ 45,605,509	$ 46,645,188
Franchise Fee Revenue	2,278,835	2,364,383
Total revenue	47,884,344	49,009,571
Operating Expenses	58,084,778	59,247,865
Operating Loss	(10,200,434)	(10,238,294)
Nonoperating Income (Expense)		
Other income (expense)	31,123	(37,461)
Interest expense	(3,425,403)	(3,522,490)
Total nonoperating expense	(3,394,280)	(3,559,951)
Loss from Continuing Operations	(13,594,714)	(13,798,245)
Gain from Discontinued Operations - Including gain on disposal of $908,222	-	789,142
Consolidated Net Loss	(13,594,714)	(13,009,103)
Other Comprehensive (Loss) Income - Foreign currency translation	(59,462)	107,082
Comprehensive Loss	**$ (13,654,176)**	**$ (12,902,021)**

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries

Consolidated Statement of Members' Equity

Years Ended December 31, 2025 and 2024

Balance - January 1, 2024	$ 70,797,170
Net loss	(13,009,103)
Issuance of Class A units	37,500
Redemptions	(1,482,176)
Foreign currency translation	107,082
Balance - December 31, 2024	56,450,473
Net loss	(13,594,714)
Foreign currency translation	(59,462)
Balance - December 31, 2025	**$ 42,796,297**

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries

Consolidated Statement of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Net loss	$ (13,594,714)	$ (13,009,103)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	12,407,000	12,456,987
Accretion of debt issuance costs	209,634	209,633
Noncash lease expense (recovery)	40,109	(19,170)
Credit loss expense	292,540	686,358
Gain on sale of subsidiaries	-	(908,222)
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	901,883	164,101
Prepaid expenses and other assets	(1,506,746)	(477,035)
Inventories	(101,604)	25,423
Deferred commission costs	(1,386,409)	802,954
Accounts payable and accrued expenses	1,429,592	(2,225,066)
Deferred franchise fees	291,903	(1,077,179)
Net cash used in operating activities	(1,016,812)	(3,370,319)
Cash Flows from Investing Activities		
Purchase of property and equipment	(94,783)	(163,849)
Proceeds from sale of subsidiaries	-	81,680
Net cash used in investing activities	(94,783)	(82,169)
Cash Flows from Financing Activities		
Borrowings on long-term debt	504,100	3,300,000
Payments on long-term debt	(293,385)	(1,672,126)
Redemptions	-	(852,176)
Issuance of Class A units	-	37,500
Net cash provided by financing activities	210,715	813,198
Effect of Exchange Rate Changes on Cash	(59,462)	107,082
Net Decrease in Cash	(960,342)	(2,532,208)
Cash - Beginning of year	4,973,924	7,506,132
Cash - End of year	**$ 4,013,582**	**$ 4,973,924**
Significant Noncash Transactions - Redemption of Class A units in exchange for sale of Plumbing Heating Paramedics, LLC	$ -	$ 630,000

See notes to consolidated financial statements.

Note 1 - Nature of Business

HS Group Holding Company, LLC and Subsidiaries (the "Company") includes its wholly owned subsidiaries, Threshold Brands, LLC (TB); MaidPro Franchise, LLC (MaidPro); FlyFoe, LLC (FlyFoe); Men In Kilts US, LLC (MIKU); Men in Kilts Canada, Inc. (MIKCA); Pestmaster Franchise Network, LLC (PFN); Pestmaster Services, L.P. (PSI); Kaigan, LLC (Kaigan); USA Insulation Franchise, LLC (USA); USA Enterprises, LLC (USAE); FDIE, LLC (FDIE); Sir Grout Franchising, LLC (SGF); Sir Grout, LLC (SG); Plumbing Heating Paramedics, LLC (PHP); PHP Franchise, LLC (PHPF); Granite Garage Floors Franchising, LLC (GGFF); Mold Medics, LLC (MM); Mold Medics Franchise, LLC (MMFL); and Miracle Method, LLC (MMCS).

MaidPro is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide residential and office cleaning services in the United States and Canada. MaidPro began franchising operations in January 1997 and conducts operations from its principal office in Massachusetts.

FlyFoe was established on November 30, 2017. FlyFoe is a franchisor that provides support, guidance, and training to its franchisees. FlyFoe's franchisees provide mosquito and tick control services and other related services in the United States.

MIKU was established on March 29, 2019, and MIKCA was established in 2002. They are each franchisors that provide support, guidance, and training to its franchisees. Their franchisees provide exterior house cleaning services, including window cleaning, gutter cleaning, house washing, and pressure washing, for both residential and commercial properties in the United States and Canada.

PFN operates as a franchisor of pest control services throughout the United Sates. It provides territorial rights for operation of its businesses, giving initial training and ongoing support for franchisees. The customer base is both residential and commercial. It began operations in 1981. PSI and Kaigan operate certain Pestmaster franchises.

USA was established on March 22, 2006. It is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide insulation services for both residential and commercial buildings. USAE operates certain USA franchises. FDIE is an operating company that primarily provides inventory to USA franchises. FDIE manufactures foam insulation and related chemicals and equipment that it sells and ships directly to franchisees.

SGF was established in 2004. It is a franchisor that provides a variety of services across grout and tile restoration (e.g., cleaning, repair, color sealing, and recaulking), stone restoration (e.g., floor and countertop polishing and crack repair), surface coatings (e.g., durability coating and slip-resistance coatings), and sandless hardwood refinishing. SG also acts as a product supplier for franchisees, where supplies are purchased from vendors and directly shipped to the franchisees.

PHPF was established in 2021. It is a franchisor that provides HVAC and plumbing services to residential customers throughout Indiana through its franchisees. PHP offered HVAC system repairs, HVAC system replacements, plumbing system repairs, and recurring maintenance check-ins and was sold on January 31, 2024.

MM provides mold remediation, air duct cleaning, and other ancillary services, such as radon testing for residential and commercial customers. MM was sold on April 30, 2024. MMFL operates as a franchisor in which its franchisees provide services similar to MM.

MMCS provides bathroom and kitchen resurfacing services for residential and commercial customers and operates as a franchisor.

Note 2 - Significant Accounting Policies

Basis of Accounting

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

Adoption of New Accounting Pronouncement

In July 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The ASU introduced a practical expedient for estimating expected credit losses on current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, *Revenue from Contracts with Customers*. Under the practical expedient, the Company assumes that current conditions as of the consolidated balance sheet date will not change for the remaining life of the asset. The standard also permits an accounting policy election to consider collection activity after the consolidated balance sheet date when estimating credit losses.

The Company adopted the new guidance on January 1, 2025 on a prospective basis. The adoption of this guidance did not have a significant impact on the financial statement.

Principles of Consolidation

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

Accounts Receivable

Trade accounts receivable are stated at invoice amounts and unbilled accounts receivable are stated at expected amounts to be billed in the following month. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. At December 31, 2025 and 2024, the Company had recorded an allowance for credit losses in the amount of $1,184,900 and $1,070,050, respectively. The Company collectively evaluates trade receivables to determine the allowance for credit losses based on the aging of accounts receivable. The Company calculates the allowance using an expected loss model that considers the Company's actual historical loss rates adjusted for current economic conditions. The Company has elected the practical expedient to assume that the current conditions as of the consolidated balance sheet date will not change for the remaining life of the asset. The Company has also made the policy election to consider collection activity subsequent to year end in making its estimate of expected losses. The Company has considered subsequent collection activity through January 31, 2026. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received.

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method. Assets are depreciated over their estimated useful lives, which range from 3 to 10 years. The cost of leasehold improvements is depreciated (amortized) over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Note 2 - Significant Accounting Policies (Continued)

Leases

The Company has operating leases as described in Note 7. The Company recognizes expense for operating leases on a straight-line basis over the lease term. The Company made a policy election not to separate lease and nonlease components for all operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

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

Intangible Assets

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.

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

Goodwill

The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition.

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

No impairment charges were recognized during the years ended December 31, 2025 and 2024.

Revenue Recognition

The Company's franchise agreements include (a) the right to use its symbolic intellectual property over the term of each franchise agreement (typically 10 years); (b) preopening services, such as training; (c) ongoing services, such as management of the national brand fund contributions and support services for the franchisees; and (d) for certain subsidiaries, a license to use the Company's internal-use software, which is hosted on the Company's software as a service (SaaS) platform. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and, therefore, are accounted for as a single performance obligation. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represent a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day to day, the symbolic intellectual property is accessed over time and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities).

Note 2 - Significant Accounting Policies (Continued)

The Company also operates franchise locations that perform various repair and maintenance services for residential and commercial buildings. Revenue is recognized over time as the services are rendered. Long-term contracts do not exist for these services, and all work is typically completed within a 24-hour period. Total revenue related to these services was approximately $8,097,000 and $8,586,000 for the years ended December 31, 2025 and 2024, respectively. This revenue is included in recurring revenue on the accompanying consolidated statement of operations and comprehensive income.

FDIE manufactures foam insulation and related chemicals and equipment that it sells and ships directly to its customers. Revenue is recognized at a point in time when the customer receives the goods. FDIE does not offer extended warranties that would constitute a separate performance obligation. Product revenue for FDIE was approximately $4,155,000 and $5,416,000 during the years ended December 31, 2025 and 2024, respectively. This revenue is included in recurring revenue on the accompanying consolidated statement of operations and comprehensive income. The Company has adopted the policy election to exclude sales taxes from the transaction price.

Payment Terms

Initial franchise fees are due and typically paid when a franchise agreement is executed and are nonrefundable. These fees are collected prior to the satisfaction of the Company's performance obligations, resulting in the Company recognizing deferred revenue contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the consolidated balance sheet. Deferred franchise fees as of January 1, 2025 and 2024 equaled $8,050,294 and $7,758,391, respectively. Initial franchise fees are also received pursuant to area development agreements, which grant the right to develop franchised stores in future periods in specific geographic areas. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Technology fees are paid on a monthly basis based upon a fixed amount. Service fees are due 30 days from when the service is performed.

Allocating the Transaction Price

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

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

Costs to Obtain a Franchise Agreement

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

Advertising Expense

In accordance with the Company's franchise agreements, franchisees pay a percentage of monthly sales to an advertising fund to be used for advertising, marketing, and other promotional purposes. Advertising expense is charged to income during the year in which it is incurred. Advertising expense for the years ended December 31, 2025 and 2024 was $6,165,972 and $5,813,677, respectively.

Note 2 - Significant Accounting Policies (Continued)

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. Members are taxed individually on their pro rata ownership share of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the Company's operating agreement.

Concentrations of Credit Risk

The Company maintains cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Debt Issuance Costs

Debt issuance costs are recorded as a reduction in the recorded balance of the outstanding debt. The costs are amortized over the term of the related debt using a method that approximates the effective interest rate method.

Related Party Transactions

A company related to the Company's majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in operating expenses on the accompanying consolidated statement of operations and comprehensive income. The total expense for the years ended December 31, 2025 and 2024 is $704,759 and $691,235, respectively.

Foreign Currency Translation

The functional currency of the Company's international subsidiary (MIKCA) is the Canadian dollar. Foreign currency denominated assets and liabilities are translated into United States dollars at the rate of exchange in effect at year end. Income and expenses are translated at a weighted-average rate of exchange for the years ended December 31, 2025 and 2024. The aggregate effect of translating the financial statements of MIKCA is included in other comprehensive income on the accompanying consolidated statement of operations and comprehensive income.

Use of Estimates

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

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including March 12, 2026, which is the date the financial statements were available to be issued.

Note 3 - Accounts Receivable Credit Loss Allowance

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

	2025	2024
Balance - January 1	$ 1,070,050	$ 812,625
Additions charged to expense	1,338,794	686,358
Deductions/Write-offs	(1,223,944)	(428,933)
Balance - December 31	$ 1,184,900	$ 1,070,050

Note 4 - Property and Equipment

Property and equipment are summarized as follows:

	2025	2024
Machinery and equipment	$ 510,734	$ 531,978
Vehicles	1,396,755	1,378,226
Furniture and fixtures	81,380	80,268
Computer equipment and software	459,581	395,258
Leasehold improvements	671,598	663,717
Total cost	3,120,048	3,049,447
Accumulated depreciation	1,898,350	1,553,954
Net property and equipment	$ 1,221,698	$ 1,495,493

Depreciation expense for the years ended December 31, 2025 and 2024 was approximately $397,000 and $418,000, respectively.

Note 5 - Intangible Assets and Goodwill

Intangible assets and goodwill of the Company at December 31, 2025 and 2024 are summarized as follows:

	2025		2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets and goodwill:				
Franchise agreements	$ 22,936,673	$ 10,147,488	$ 22,957,360	$ 7,182,241
Trade names	11,149,460	2,813,138	11,151,905	2,266,952
Software	2,755,357	1,821,741	2,755,357	1,381,106
Goodwill	79,745,416	34,195,071	79,759,719	26,146,152
Total amortized intangible assets and goodwill	$ 116,586,906	$ 48,977,438	$ 116,624,341	$ 36,976,451

Amortization expense for intangible assets and goodwill totaled approximately $12,010,000 and $12,039,000 for the years ended December 31, 2025 and 2024, respectively.

Note 5 - Intangible Assets and Goodwill (Continued)

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

Years Ending	Amount
2026	$ 12,038,523
2027	12,038,523
2028	12,038,523
2029	12,038,523
2030	12,038,523
Thereafter	7,416,853
Total	$ 67,609,468

Note 6 - Long-term Debt

In connection with the Company's acquisition of USA on December 23, 2020, the Company entered into a credit agreement with a financial institution. Maximum borrowings under the credit agreement allow for $2,000,000 of a revolving loan, $12,500,000 of a senior secured term loan, and $20,000,000 of additional term loans, which are secured by substantially all of the assets of the Company. The available borrowings on the revolver are limited to a borrowing base, calculated from the adjusted senior debt to earnings before interest, taxes, depreciation and amortization (EBITDA), as further defined in the credit agreement.

In connection with the agreement, the Company incurred debt issuance costs of $410,323, which are amortized over the term of the credit agreement.

On September 16, 2024, the Company signed the sixth amendment to the loan agreement, which provided a delayed draw A term loan of $3,300,000. The proceeds of the loan were to be used by the Company to fund the revolver paydown, the Company's working capital needs, transaction costs, fees, and expenses incurred by the Company and to make certain modifications to the loan agreement.

On August 7, 2025, the Company signed the seventh amendment to the loan agreement, which extended the scheduled maturity date to December 23, 2028.

The interest rate is a floating rate equal to the lesser of the Secured Overnight Financing Rate (SOFR) plus the applicable margin, as defined in the credit agreement, which is 9.63525 percent as of December 31, 2025. Principal payments are due quarterly on the first day of each quarter in an amount equal to $79,344 and with a balloon payment on the maturity date.

The credit agreement includes certain ratios and excess cash flow payments. The credit agreement is collateralized by all business assets of the Company. As of December 31, 2025, the Company was in compliance with its financial debt covenants.

Amortization expense recognized on debt issuance costs was approximately $210,000 for the years ended December 31, 2025 and 2024.

On November 28, 2025, the Company entered into a note payable that was obtained to fund obligations related to its self-insurance program. The note had a total amount financed of $504,100, bears interest at an annual rate of 7.49 percent, and requires monthly payments of $52,157, with the remaining balance due at maturity in September 2026. The Company is not subject to any significant concentrations of risk related to its self-insurance program as of December 31, 2025.

Note 6 - Long-term Debt (Continued)

A summary of debt at December 31, 2025 and 2024 is as follows:

	2025	2024
Term loan	$ 27,133,062	$ 27,344,436
Delayed draw A term loan	3,267,000	3,300,000
Note payable to fund self-insurance plan liabilities	455,090	-
Unamortized debt issuance costs	-	(209,633)
Long-term debt less unamortized debt issuance costs	30,855,152	30,434,803
Less current portion	772,465	30,434,803
Long-term portion	$ 30,082,687	$ -

The balance of the above debt matures as follows:

Years Ending	Amount
2026	$ 772,465
2027	317,375
Thereafter	29,765,312
Total	$ 30,855,152

Note 7 - Leases

The Company is obligated under operating leases primarily for real estate and vehicles, expiring at various dates through 2031. Some leases include one or more options to renew, generally at the Company's sole discretion, with renewal terms that can extend the lease five times up to a term of five years each. In addition, certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Company will exercise that option. The Company's operating leases generally do not contain any material restrictive covenants.

Note 7 - Leases (Continued)

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

Years Ending December 31	Amount
2026	$ 666,641
2027	418,475
2028	434,019
2029	417,993
2030	367,627
Thereafter	154,400
Total	2,459,155
Less amount representing interest	254,875
Present value of net minimum lease payments	2,204,280
Less current obligations	582,570
Long-term obligations under leases	$ 1,621,710

Expenses recognized under these leases for the years ended December 31, 2025 and 2024 consist of the following:

	2025	2024
Lease cost:		
Operating lease cost	$ 1,212,432	$ 1,492,073
Short-term lease cost	-	12,400
Variable lease cost	3,280	-
Total lease cost	$ 1,215,712	$ 1,504,473
Other information:		
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	$ 1,187,198	$ 1,225,158
Weighted-average remaining lease term (years) - Operating leases	4.62	3.5
Weighted-average discount rate - Operating leases	3.7 %	1.3 %

Note 8 - Members' Equity

Class A units have voting rights on all matters requiring the consent, approval, or vote of the members. The Class A units receive preference on distributions. There were 1,000,000 units authorized and 87,829 units issued and outstanding as of December 31, 2025 and 2024.

Class B units do not have voting rights and are issued to designated management employees of the Company upon vesting of deferred units without any corresponding capital contribution. The holders of these units are entitled to share in the appreciation of the Company's assets that occur subsequent to the date of grant. The Class B units are dilutive to the participating preferred units. There were 1,000,000 units authorized for December 31, 2025 and 2024 and no units issued or outstanding as of December 31, 2025 and 2024.

Note 8 - Members' Equity (Continued)

As defined in the HS Group Holding Company, LLC Second Amended and Restated Limited Liability Company Agreement, a deferred unit provides the right to be issued a Class B unit prior to a significant sale, assuming the fair market value of the Company exceeds the threshold amount, as defined in the deferred unit agreement. Deferred units vest evenly over seven years, with accelerated vesting upon the occurrence of a significant sale. As of December 31, 2025 and 2024, there were 15,317 and 11,740 deferred units issued, 6,018 and 5,078 deferred units outstanding, and 2,796 and 1,505 deferred units vested, respectively. No compensation expense was recognized during 2025 and 2024, as the fair value of the units is *de minimis*.

Note 9 - Discontinued Operations

On January 31, 2024, the Company sold PHP in exchange of 300 Class A units of the Company owned by the buyer that were valued at $630,000, which is included in redemptions on the accompanying consolidated statement of members' equity. In addition, MM was sold on April 30, 2024 in exchange for cash equal to approximately $82,000.

The sales of PHP and MM are considered to be strategic changes in operations, as they are both nonfranchisors, so the Company can focus on the franchisor side of the business. PHP and MM are, therefore, being accounted for as discontinued operations.

The results of operations of PHP and MM included in gain from discontinued operations in the consolidated statement of operations and comprehensive income for the year ended December 31, 2024 are as follows:

Recurring revenue	$ 870,784
Operating expenses	(951,392)
Interest expense	(38,472)
Gain on sale from discontinued operations	908,222
Net gain	$ 789,142

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Financial Report
December 31, 2023

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RSM

Independent Auditor's Report

RSM US LLP

Board of Directors
HS Group Holding Company LLC and Subsidiaries d/b/a Threshold Brands

Opinion

We have audited the consolidated financial statements of HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in members' equity and cash flows for the years ended December 31, 2023, 2022, and 2021, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years ended December 31, 2023, 2022, and 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 these 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 the financial statements are issued or 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 the judgment made by a reasonable user based on the financial statements.

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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.

RSM US LLP

Detroit, Michigan
April 24, 2024

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Balance Sheets
December 31, 2023 & 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	**$ 7,292,172**	$ 2,848,939
Accounts receivable, net of allowance for credit losses	**7,308,258**	2,838,072
Inventory	**374,941**	626,335
Prepaid expenses and other current assets	**3,638,733**	2,739,829
Discontinued operations	**456,472**	691,541
Total current assets	**19,070,576**	9,744,716
Property and equipment, net	**1,750,108**	2,053,004
Other assets:		
Goodwill, net	**58,322,671**	49,421,067
Intangibles, net	**28,931,482**	20,570,821
Right of use asset - operating leases, net	**4,037,117**	4,902,678
Capitalized contract costs	**4,013,241**	3,913,698
Other assets	**200,786**	366,051
Discontinued operations	**5,099,952**	5,649,309
Total other assets	**100,605,249**	84,823,624
Total assets	**$ 121,425,933**	$ 96,621,344
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	**$ 3,331,237**	$ 2,579,019
Accrued expenses	**1,736,480**	2,289,453
Current portion of long-term debt	**409,376**	355,469
Operating lease liabilities, current	**1,234,334**	1,149,172
Current portion of deferred franchise and territory fees	**2,596,885**	1,703,657
Discontinued operations	**1,687,613**	1,504,355
Total current liabilities	**10,995,925**	9,581,125
Long-term debt, net	**28,187,920**	27,087,563
Deferred franchise and territory fees, net of current portion	**6,238,685**	6,581,039
Operating lease liabilities noncurrent	**2,877,766**	3,825,580
Discontinued operations	**433,367**	357,315
	37,737,738	37,851,497
Total liabilities	**48,733,663**	47,432,622
Members' equity	**72,692,270**	49,188,722
Total liabilities and members' equity	**$ 121,425,933**	$ 96,621,344

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

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

	2023	2022	2021
Revenues:			
Recurring revenue	**$ 43,861,005**	$ 42,434,021	$ 31,818,811
Franchise fee revenue	**2,355,244**	2,284,333	1,148,834
Total revenues	**46,216,249**	44,718,354	32,967,645
Operating expenses:			
Cost of services	**7,365,194**	7,716,433	6,488,425
General and administrative expenses	**13,588,879**	18,981,922	11,602,742
Payroll and benefits	**19,327,071**	20,314,913	15,092,714
Depreciation and amortization expenses	**9,096,227**	8,030,433	6,067,212
Transaction expenses	**2,127,651**	884,988	2,054,118
Total operating expenses	**51,505,022**	55,928,689	41,305,211
Loss from operations	**(5,288,773)**	(11,210,335)	(8,337,566)
Other expense (income):			
Interest expense	**3,516,317**	2,434,486	1,364,806
Other expense (income)	**204,046**	(203,807)	(145,135)
Other expense	**3,720,363**	2,230,679	1,219,671
Loss from continuing operations	**(9,009,136)**	(13,441,014)	(9,557,237)
Loss from discontinued operations (including gain on disposal of $9,972 for the year ended December 31, 2023)	**(1,459,871)**	(831,424)	(830,729)
Net loss	**$ (10,469,007)**	$ (14,272,438)	$ (10,387,966)

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

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

Balance, December 31, 2020	$ 50,386,426
Issuance of Class A units	1,150,000
Contributed capital related to acquisitions	5,150,000
Foreign currency translation	(32,060)
Net loss	(10,387,966)
Balance, December 31, 2021	46,266,400
Issuance of Class A units	774,578
Contributed capital related to acquisitions	16,500,000
Foreign currency translation	(79,818)
Net loss	(14,272,438)
Balance, December 31, 2022	49,188,722
Issuance of Class A units	7,705,254
Contributed capital related to acquisitions	26,315,146
Distributions	(221,436)
Foreign currency translation	173,591
Net loss	(10,469,007)
Balance at December 31, 2023	**$ 72,692,270**

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

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

	2023	2022	2021
Cash flows from operating activities:			
Net loss from continuing operations	**$ (9,009,136)**	$ (13,441,014)	$ (9,557,237)
Net loss from discontinued operations	**(1,459,871)**	(831,424)	(830,729)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:			
Depreciation and amortization	**9,096,227**	8,030,433	6,067,212
Accretion of debt issuance costs	**209,733**	209,532	122,886
Loss (gain) on sale of fixed assets	**151,375**	(24,018)	-
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	**(3,892,055)**	352,313	(744,466)
Prepaid expenses and other current assets	**(655,452)**	(1,916,684)	387,382
Inventories	**251,394**	(51,635)	(407,450)
Capitalized contract costs	**(99,543)**	(1,084,997)	(1,228,179)
Other assets	**221,947**	(195,350)	162,394
Accounts payable and accrued expenses	**(314,296)**	2,088,873	896,771
Deferred franchise and territory fees	**(425,333)**	1,098,016	1,002,758
Other liabilities	**-**	(210,500)	210,500
Operating lease assets and liabilities	**2,909**	72,074	-
Net cash used in operating activities —continuing operations	**(4,462,230)**	(5,072,957)	(3,087,429)
Net cash used in operating activities —discontinuing operations	**(404,355)**	(186,428)	(554,662)
Net cash used in operating activities	**(4,866,585)**	(5,259,385)	(3,642,091)
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	**(22,648,233)**	(13,632,318)	(11,864,149)
Purchase of property and equipment	**(179,453)**	(479,941)	(871,412)
Proceeds from sales of equipment	**24,119**	192,627	208,379
Net cash used in investing activities —continuing operations	**(22,803,567)**	(13,919,632)	(12,527,182)
Net cash used in investing activities —discontinuing operations	**(202,807)**	(290,871)	(1,897,023)
Net cash used in investing activities	**(23,006,374)**	(14,210,503)	(14,424,205)
Cash flows from financing activities:			
Borrowings on long-term debt	**1,300,000**	-	16,000,000
Payment of debt issuance costs	**-**	-	(551,094)
Distributions to members	**(221,436)**	-	
Payments on long-term debt	**(355,469)**	(284,375)	(143,594)
Proceeds from capital contributions	**31,220,400**	15,774,578	1,150,000
Net cash provided by financing activities —continuing operations	**31,943,495**	15,490,203	16,455,312
Net cash provided by financing activities —discontinuing operations	**113,078**	79,560	-
Net cash provided by financing activities	**32,056,573**	15,569,763	16,455,312
Effect of exchange rate changes on cash	**181,670**	(140,104)	(123,805)
Net increase (decrease) in cash and cash equivalents	**4,365,284**	(4,040,229)	(1,734,789)
Cash and cash equivalents, beginning	**3,140,848**	7,181,077	8,915,866
Cash and cash equivalents, ending	**$ 7,506,132**	$ 3,140,848	$ 7,181,077

(Continued)

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Supplemental disclosures of cash flow information:			
Interest paid	**$ 3,083,356**	$ 1,077,276	$ -
Supplemental schedule of noncash operating, investing and financing activities:			
Acquisition of businesses:			
Assets acquired	**$ 12,410,853**	$ 3,070,399	$ 3,926,223
Liabilities assumed	**(1,489,748)**	(333,510)	(658,342)
Net identifiable assets acquired	**10,921,105**	2,736,889	3,267,881
Goodwill	**15,202,529**	12,428,214	10,880,109
Net assets acquired	**26,123,634**	15,165,103	14,147,990
Less cash acquired	**(675,401)**	(32,785)	(133,841)
Less units issued as consideration	**(2,800,000)**	(1,500,000)	(2,150,000)
Cash purchase price	**$ 22,648,233**	$ 13,632,318	$ 11,864,149

See notes to consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Nature of business: HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (collectively, the Company) through its wholly owned subsidiaries including Threshold Brands LLC, MaidPro Franchise, LLC (MaidPro), FlyFoe, LLC (FlyFoe), Men In Kilts US, LLC (Men in Kilts), Men in Kilts Canada Inc. (MIKC), Pestmaster Franchise Network, LLC (PFN), Pestmaster Services, L.P. (PSI), Kaigan LLC (Kaigan), USA Insulation Franchise, LLC (USA), USA Enterprises, LLC (USAE), FDIE, LLC (FDIE), Sir Grout Franchising, LLC (SGF), Sir Grout, LLC (SG), Plumbing Heating Paramedics LLC (PHP), PHP Franchise LLC (PHPF), Granite Garage Floors Franchising, LLLC (GGFF), Granite Garage Floors Atlanta (GGFA), Mold Medics LLC (MM), Mold Medics Franchise, LLC (MMF), Miracle Methods LLC (MMCS) and Miracle Methods Franchise, LLC (MMUS) is in the business of selling franchises as well as operating certain franchises and supply companies.

MaidPro is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide residential and office cleaning services in the United States and Canada. MaidPro began franchising operations in January 1997 and conducts operations from its principal office in Massachusetts.

FlyFoe was established on November 30, 2017. FlyFoe is a franchisor that provides support, guidance, and training to its franchisees. FlyFoe's franchisees provide mosquito and tick control services and other related services in the United States.

Men in Kilts was established on March 29, 2019, and MIKC was established in 2002. They are each franchisors that provides support, guidance, and training to its franchisees. Their franchisees provide exterior house cleaning services, including window cleaning, gutter cleaning, house washing, and pressure washing for both residential and commercial properties in the United States and Canada.

PFN operates as a franchisor of pest control services throughout the United Sates. It provides territorial rights for operation of their businesses, giving initial training and ongoing support for franchisees. The customer base is both residential and commercial. It began operations in 1981. PSI and Kaigan operate certain Pestmaster franchises.

USA was established on March 22, 2006. It is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide insulation services for both residential and commercial buildings. USAE operates certain USA franchises. FDIE is an operating company that primarily provides inventory to USA franchises. FDIE manufactures foam insulation and related chemicals and equipment that it sells and ships directly to franchisees.

SGF was established in 2004. It is a franchisor that provides a variety of services across grout and tile restoration (e.g., cleaning, repair, color sealing, re-caulking), stone restoration (e.g., floor and countertop polishing, crack repair), surface coatings (e.g., durability coating, slip-resistance coatings), and sandless hardwood refinishing. SG also acts as a product supplier for franchisees, where supplies are purchased from vendors and directly shipped to the franchisees.

PHP was established in 2011. It provides HVAC and plumbing services to residential customers throughout Indiana. PHP offers HVAC system repairs, HVAC system replacements, plumbing system repairs, and recurring maintenance check-ins. PHP was sold on January 31, 2024 and is included in discontinued operations (see Note 9). PHPF is a newly established franchisor that sells franchises providing services similar to PHP.

Note 1. Summary of Significant Accounting Policies (Continued)

GGFA was established in 1980. The company provides upgrading of concrete surfaces (garage floors, basements, workshops, unfinished spaces, exterior porches, and patios) with an industrial coating system with finishes appearing like Granite, Quartz, Stone, Metallic or Terrazzo. GGFF operates as a franchisor in which their franchisees provide services similar to GGFA. GGFA was sold on December 31, 2023 and is included in discontinued operations (see Note 9).

MM provides mold remediation, air duct cleaning, and other ancillary services such as radon testing for residential and commercial customers. MM is expected to be sold in the next year and is included in discontinued operations (see Note 9). MMF operates as a franchisor in which their franchisees provide services similar to MM.

MMCS provides bathroom and kitchen resurfacing services for residential and commercial customers. MMUS operates as a franchisor in which their franchisees provide services similar to MMC.

Basis of presentation: The consolidated balance sheets are presented as of December 31, 2023 and 2022. The consolidated statements of operations, changes in members' equity, and cash flows are presented for the years ended December 31, 2022, 2021, and 2021. The accompanying consolidated financial statements of the Company include its wholly owned subsidiaries.

All intercompany transactions have been eliminated. The accompanying consolidated financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Company follows to ensure its financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these notes to the consolidated financial statements are to the FASB Accounting Standards Codification (ASC).

Revenue recognition policy: The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows: identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when or as performance obligations are satisfied.

Significant accounting policies:

Nature of services

The Company's franchise agreements include (a) the right to use its symbolic intellectual property over the term of each franchise agreement, (b) preopening services, such as training, (c) ongoing services, such as management of the advertising fund contributions and support services for the franchisees, and (d) a license to use the Company's internal-use software which is hosted on the Company's software as a service (SaaS) platform. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day-to-day, the symbolic intellectual property is accessed over time and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities). Revenue earned from providing these services is collectively referred to as franchise revenue.

Note 1. Summary of Significant Accounting Policies (Continued)

The Company's revenue consists primarily of recurring revenue, which includes franchise royalties, advertising fund contributions, and support services performed for franchisees. Franchise revenue (Initial franchise fees) is based on the market type selected and are paid at the time an individual franchise agreement is signed. Territory fees are for the purchase of additional territory over and above the minimum qualified households allowable based on the market type selected and are also paid at the time an individual franchise agreement is signed.

The Company also operates certain franchise locations. The revenue for these consists of revenue recognized at a point in time as the service is completed.

Payment terms
The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Agreements may include initial and renewal franchise fees, sales-based royalties, and fees for administrative services performed for the franchisee.

The Company believes its franchising agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the Company and (b) the sales-based royalty is variable and based on factors outside the Company or the franchisee's control.

Revenue recognition
Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement beginning when the agreement is signed. Franchise agreements typically have a term of five to ten years with the option to renew for an additional years if the franchisee is in compliance with the terms of the franchise agreement.

Continuing royalties are calculated as a percentage of franchisees' reported sales that are related entirely to the Company's performance obligation under the franchise agreement. These royalties are considered variable consideration, but because they relate to a license of intellectual property, they are not included in the transaction price. Instead, royalty revenue is recognized as franchisee sales occur. Advertising contributions received from the Company's franchisees are recorded as a component of franchise royalties and fees in the consolidated statements of operations.

Contract balances
The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred franchise and territory fees) also is recorded.

Commission costs
The Company defers those direct and incremental costs associated with the sale of franchises. Deferred costs are charged to earnings when the related deferred franchise and territory fees are recognized as revenue over the term of the respective agreement. The Company has determined the period of benefit for direct and incremental costs associated with the sale of franchises to be the initial term of the franchise agreement. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition.

Note 1. Summary of Significant Accounting Policies (Continued)

Advertising funds
The Company collects funds from its franchisees for advertising pursuant to the Company's franchise agreements at a percentage of franchisee sales. These advertising services are not considered distinct because they are highly dependent and interrelated to the franchise right. Advertising contributions are considered part of the transaction price for the franchise right and recognized as revenue as the underlying sales occur. The advertising costs incurred for franchisees will be expensed in accordance with the Company's normal policy.

Cash and cash equivalents: The Company considers all short-term, highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. Cash equivalents consist of money market accounts.

The following table provides a reconciliation of cash and cash equivalents reported in the consolidated balance sheets for continuing operations that sums to the total of the amounts shown in the consolidated statements of cash flows for the years ended December 31:

	2023	2022	2021
Cash - continuing operations	$7,292,172	$2,848,939	$6,701,825
Cash reclassified to discontinued operations	213,960	291,909	479,252
	$7,506,132	$3,140,848	$7,181,077

Accounts receivable: Accounts receivable are recorded at transaction price. The allowance for credit losses on accounts receivable represents the Company's estimate of expected credit losses over the lifetime of the receivables. This estimation process is based on historical experience, current conditions, asset-specific risk characteristics and reasonable and supportable forecasts about future economic and market conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance for credit loss was approximately $813,000 and $542,000 for the years ended December 31, 2023 and 2022, respectively. The Company will continue to monitor and evaluate the adequacy of the allowance for credit losses on accounts receivable on a regular basis and make adjustments as necessary in response to changes in economic conditions and credit quality indicators.

The Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326), on January 1, 2023. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instruments which would include accounts receivables. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against account receivable balances based on current and historical information. The adoption of this ASU did not have a material effect on the Company's financial statements.

Concentration of credit risk: The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. The Company grants credit to its franchisees and customers. Consequently, the Company's ability to collect the amounts due from franchisees and customers is affected by economic fluctuations. The Company routinely assesses the financial strength of its franchisees and customers and believes that its accounts receivable credit risk exposure is limited.

Note 1. Summary of Significant Accounting Policies (Continued)

Franchisor advertising: Advertising costs of the franchisor are charged against income during the period the advertising is displayed. Advertising costs are expensed as incurred and totaled approximately $938,000, $1,863,000, and $2,148,000 for the years ended December 31, 2023, 2022, and 2021 respectively.

Software development costs: Costs for software developed for internal use are accounted for in accordance with ASC 350, Intangibles – Goodwill and Other - Internal-Use Software. ASC 350 requires the capitalization of certain costs incurred in connection with developing or obtaining internal-use software. In accordance with ASC 350, the Company expenses costs incurred in the preliminary project stage of developing or acquiring internal use software, such as research and feasibility studies, as well as costs incurred in the post-implementation/operational stage, such as maintenance and training. Capitalization of software development costs occurs only after the preliminary project stage is complete,

management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. Costs associated with the purchase and development of computer software are capitalized and amortized on a straight-line basis over the estimated useful life of the related asset. Software development costs are recorded in property and equipment in the accompanying consolidated balance sheets. The Company capitalized software development costs. There were approximately $72,000 and $0 of capitalized costs for the year ended December 31, 2023 and 2022, respectively.

Property and equipment: Property and equipment is stated at cost, net of accumulated depreciation and amortization. Expenditures for additions and improvements are capitalized while maintenance and repair expenditures are charged to operations as incurred. When assets are sold or otherwise retired from service, their cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is included in the results of operations. Depreciation and amortization is computed using the straight-line method based on the following estimated useful lives:

	Years
Equipment	5-10
Vehicles	5-10
Furniture and fixtures	3-5
Leasehold improvements	Lesser of useful life or lease term
Software development costs	3-7

Goodwill and intangibles: Goodwill is recognized for the excess of the fair value of an acquired business over the fair value of the identifiable net assets acquired. Under FASB ASC Topic 350, Intangibles—Goodwill and Other, the Company elected the accounting alternative to amortize goodwill on a straight-line basis over 10 years.

The Company has elected the provisions of FASB ASU 2014-18, *Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination*. ASU 2014-18 specifies that a private company that elects the accounting alternative to recognize or otherwise consider the fair value of intangible assets as a result of any in-scope transactions should no longer recognize separately from goodwill: (1) customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of the business and (2) noncompetition agreements.

Note 1. Summary of Significant Accounting Policies (Continued)

The Company tests its recorded goodwill for impairment upon a triggering event. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the overall business, significant negative industry or economic trends and a sustained period where market capitalization, plus an appropriate control premium, is less than member's equity. Goodwill is tested using a fair-value approach at the entity level. No impairment expense was recognized for the years ended December 31, 2023, 2022 and 2021.

Intangible assets include franchise agreements, trade names, trade secrets and software. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range between 7 to 25 years.

Long-lived assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If impairment is considered, recoverability of these assets is measured by a comparison of the carrying amount of the asset to estimated future undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount of which the carrying amount of the asset exceeds the fair value of the asset. No impairment expense was recognized for the years ended December 31, 2023, 2022 and 2021.

Fair value measurements: The Company uses the fair value measurement and disclosure guidance for all assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that management believes market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2: Inputs to the valuation methodology include quoted prices in markets that are not active or quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable, reflecting the entity's own assumptions about assumptions market participants would use in pricing the asset or liability.

Note 1. Summary of Significant Accounting Policies (Continued)

Leases: In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Company adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Company has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, Leases.

The Company elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Company has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon the adoption of Topic 842 on January 1, 2022.

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its various asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of approximately $6.67 million and $6.71 million, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

Note 1. Summary of Significant Accounting Policies (Continued)

Income taxes: As a limited liability company, the Company is treated as a partnership for federal and state income tax purposes. As such, the taxable income of the Company is allocated in the tax returns of its members for federal and state tax purposes in accordance with their respective percentage ownership. Accordingly, no provision for federal income taxes is included in the consolidated financial statements. Entity-level, composite state and local income taxes (benefits) are accrued at the applicable rates, if any, and are included in the consolidated statements of operations.

The FASB provides guidance for how uncertain tax provisions should be recognized, measured, disclosed, and presented in the consolidated financial statements. The Company identifies its tax positions taken or expected to be taken in the course of preparing its tax returns and determines whether any tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Management has determined that there are no uncertain tax positions at December 31, 2023, 2022, and 2021.

Debt issuance costs: Debt issuance costs are carried at cost less accumulated amortization as a direct deduction from the carrying amount of the related loan. The costs are amortized over the term of the related loan using a method that approximates the effective interest rate method. Amortization expense is classified in interest expense in the accompanying consolidated statements of operations.

Foreign currency translation**:** The functional currency of the Company's international subsidiary is the Canadian dollar. Foreign currency denominated assets and liabilities are translated into United States dollars at the rate of exchange in effect at year-end. Income and expenses are translated at a weighted average rate of exchange for the years ended December 31, 2023, 2022 and 2021. The aggregate effect of translating the consolidated financial statements is included in foreign currency translation in the consolidated statements of changes in members' equity.

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

Subsequent events**:** On January 31, 2024, the Company sold PHP in exchange of 300 Class A units owned by the buyer that were valued at $630,000 (see Note 9).

The Company evaluated subsequent events for potential required disclosure through April 24, 2024, which is the date the consolidated financial statements were available to be issued.

Note 2. Acquisition of Businesses

Men in Kilts Canada: On February 8, 2021, the Company acquired 100% of the assets in MIKC for total consideration of $1,450,854.

The acquisition was funded through equity contributions and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. Goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired, and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:	
Cash	$ 1,300,854
150 Class A Units of HS Group Holding Company, LLC	150,000
Total invested capital	$ 1,450,854
Recognized amount of net assets of the Company:	
Other current assets	$ 34,500
Intangible assets	927,000
Accrued expenses and other liabilities	(69,593)
Total identifiable net assets acquired	891,907
Goodwill	558,947
	$ 1,450,854

The fair value of the 150 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $252,478 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $927,000 of identified intangible assets, $829,000 was assigned to franchise agreements (10-year life) and $98,000 was assigned to trade names (20-year life).

Note 2. Acquisition of Businesses (Continued)

Plumbing Heating Paramedics: Effective May 7, 2021, the Company acquired 100% of the membership interest in PHP for total consideration of $5,380,087.

The acquisition was funded through equity contributions, draw down of debt and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired, and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:	
Cash	$ 2,436,860
Due to seller	(56,773)
3,000 Class A Units of HS Group Holding Company, LLC	3,000,000
Total invested capital	$ 5,380,087
Recognized amount of net assets of the Company:	
Cash	$ 783,815
Receivables	265,090
Prepaid expenses and other assets	20,621
Fixed assets	195,658
Intangible assets	905,000
Accounts payable	(11,857)
Accrued expenses and other liabilities	(630,062)
Deferred service contract	(130,955)
Notes Payable	(132,500)
Extended warranties	(541,548)
Total identifiable net assets acquired	723,262
Goodwill	4,656,825
	$ 5,380,087

The fair value of the 3,000 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $669,400 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

The $905,000 of identified intangible assets were assigned to trade names (20-year life).

Certain current and prior year amounts were reclassed to discontinued operations as of December 31, 2023 and 2022.

Note 2. Acquisition of Businesses (Continued)

Sir Grout: Effective September 13, 2021, the Company acquired 100% of the membership interest in SGF and SG for total consideration of $12,697,136.

The acquisition was funded through equity contributions, draw down of debt and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired, and liabilities assumed recognized at preliminary fair value at the date of acquisition:

Consideration:	
Cash	$ 10,697,136
1,354 Class A Units of HS Group Holding Company, LLC	2,000,000
Total invested capital	$ 12,697,136
Recognized amount of net assets of the Company:	
Cash	$ 133,841
Receivables	152,790
Other assets	66,092
Intangible assets	2,612,000
Accounts payable	(5,338)
Accrued expenses and other liabilities	(128,159)
Deferred revenue	(455,252)
Total identifiable net assets acquired	2,375,974
Goodwill	10,321,162
	$ 12,697,136

The fair value of the 1,354 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $697,658 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $2,612,000 of identified intangible assets, $2,029,000 was assigned to franchise agreements (10-year life) and $583,000 was assigned to trade names (20-year life).

Note 2. Acquisition of Businesses (Continued)

Granite Garage: Effective May 13, 2022, the Company acquired 100% of the membership interest in GGFF and GGFA for total consideration of $15,488,411.

The acquisition was funded through equity contributions, and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired, and liabilities assumed recognized at preliminary fair value at the date of acquisition:

Consideration:	
Cash	$ 13,970,942
Due to seller	17,469
835 Class A Units of HS Group Holding Company, LLC	1,500,000
Total invested capital	$ 15,488,411
Recognized amount of net assets of the Company:	
Cash	$ 129,606
Receivables	227,163
Inventory	92,885
Other current assets	154,809
Contract assets	31,395
Fixed assets	23,852
Right-of-use asset	43,701
Tradename	1,038,000
Franchise agreements	1,797,000
Accounts payable and accruals	(101,868)
Lease liability	(45,540)
Deferred revenue	(330,806)
Total identifiable net assets acquired	3,060,197
Goodwill	12,428,214
	$ 15,488,411

The fair value of the 835 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $884,988 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $2,830,000 of identified intangible assets, $1,792,000 was assigned to franchise agreements (10-year life) and $1,038,000 was assigned to trade names (20-year life).

Certain current and prior year amounts were reclassed to discontinued operations as of December 31, 2023 and 2022.

Note 2. Acquisition of Businesses (Continued)

Mold Medics: Effective May 3, 2023, the Company acquired 100% of the membership interest in Mold Medics for total consideration of $3,505,567.

The acquisition was funded through equity contributions and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce subsumed into goodwill, the Company's presence in the marketplace and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the amounts of the assets acquired, and liabilities assumed at the date of acquisition:

Consideration:	
Cash	$ 1,684,344
810 Class A Units of HS Group Holding Company, LLC	1,800,000
Due to seller	21,223
Total invested capital	$ 3,505,567
Recognized amount of net assets of the Company:	
Cash	$ 111,888
Receivables	113,800
Fixed assets	16,082
Tradename	290,000
Accounts payable and accruals	(83,162)
Other liability	(35,000)
Total identifiable net assets acquired	413,608
Goodwill	3,091,959
	$ 3,505,567

The fair value of the 810 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $853,553 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Identified intangible assets included $290,000 which was assigned to trade names (20-year life).

Certain current and prior year amounts were reclassed to discontinued operations as of December 31, 2023.

Note 2. Acquisition of Businesses (Continued)

Miracle Methods: Effective November 22, 2023, the Company acquired 100% of the membership interest in Miracle Methods for total consideration of $22,638,133.

The acquisition was funded through equity contributions and the issuance of member units to the sellers. The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce subsumed into goodwill, the Company's presence in the marketplace and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the amounts of the assets acquired, and liabilities assumed at the date of acquisition:

Consideration:	
Cash	$ 21,830,802
476 Class A Units of HS Group Holding Company, LLC	1,000,000
Due to seller	(192,669)
Total invested capital	$ 22,638,133
Recognized amount of net assets of the Company:	
Cash	$ 613,988
Receivables	574,979
Prepaid and other assets	243,452
Fixed assets	97,187
Other assets - noncurrent	56,682
Intangible assets	10,470,000
Accounts payable and accruals	(468,693)
Deferred revenue	(976,207)
Total identifiable net assets acquired	10,611,388
Goodwill	12,026,745
	$ 22,638,133

The fair value of the 476 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $1,274,098 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $10,470,000 of identified intangible assets, $7,595,000 was assigned to franchise agreements (5-year life), $1,958,000 was assigned to trade names (20-year life), and $917,000 was assigned to software (5-year life).

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Equipment	$ 486,658	$ 569,313
Vehicles	2,155,872	1,343,729
Furniture and fixtures	72,192	80,268
Leasehold improvements	93,224	604,580
Work in process	62,630	68,915
Software development costs	72,357	133,357
Total property and equipment	2,942,933	2,800,162
Less accumulated depreciation and amortization	(1,192,825)	(747,158)
Property and equipment, net	$ 1,750,108	$ 2,053,004

Depreciation expense for the years ended December 31, 2023, 2022, and 2021 was approximately $352,000, $436,000 and $316,000, respectively.

Certain current and prior year amounts were reclassed to discontinued operations as of December 31, 2023 and 2022.

Note 4. Intangible Assets and Goodwill

Following is a summary of intangible assets:

	December 31, 2023			
	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	6.33	$ 22,963,548	$ 4,744,640	$ 18,218,908
Trade names	17.72	8,966,637	1,000,436	7,966,201
Software	4.07	2,683,000	886,959	1,796,041
Trade secrets	21.98	1,081,000	130,668	950,332
		$ 35,694,185	$ 6,762,703	$ 28,931,482
Goodwill	7.74	$ 75,107,177	$ 16,784,506	$ 58,322,671

Note 4. Intangible Assets and Goodwill (Continued)

	December 31, 2022			
	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	8.04	$ 15,351,284	$ 3,023,790	$ 12,327,494
Trade names	18.12	6,716,407	643,944	6,072,463
Software	4.62	1,776,300	599,008	1,177,292
Trade secrets	22.98	1,081,000	87,428	993,572
		$ 24,924,991	$ 4,354,170	$ 20,570,821
Goodwill	8.26	$ 59,870,481	$ 10,449,414	$ 49,421,067

Certain current and prior year amounts were reclassed to discontinued operations as of December 31, 2023 and 2022.

The change in the carrying value of goodwill for the years ended December 31, 2023 and 2022 , is as follows:

Balance at December 31, 2021	$ 42,520,675
Additions of goodwill	12,438,859
Amortization expense	(5,538,467)
Balance at December 31, 2022	49,421,067
Additions of goodwill	15,223,753
Amortization expense	(6,322,149)
Balance at December 31, 2023	$ 58,322,671

Amortization expense recognized on intangible assets and goodwill as of December 31, 2023, 2022, and 2021 totaled approximately $8,744,000, $7,594,000,and $5,751,000, respectively.

The future estimated aggregate amortization expense for intangibles and goodwill as of December 31, 2023, is as follows:

	Goodwill	Intangibles
Years ending December 31:		
2024	$ 7,500,213	$ 2,436,746
2025	7,500,213	2,436,746
2026	7,500,213	2,436,746
2027	7,500,213	2,347,857
2028	7,500,213	2,189,890

Note 5. Long-Term Debt

In connection with the Company's acquisition of USA on December 23, 2020, the Company entered into a credit agreement with a financial institution. Maximum borrowings under the credit agreement allow for $2,000,000 of a revolving loan, $12,500,000 of a senior secured term loan and $20,000,000 of additional term loans, which are secured by substantially all of the assets of the Company. The available borrowings on the revolver are limited to a borrowing base, calculated from the adjusted senior debt to earnings before interest, taxes, depreciation and amortization (EBITDA) as further defined in the credit agreement. In connection with the agreement, the Company incurred debt issuance costs of $410,323, which are amortized over the term of the credit agreement.

In connection with the Company's Acquisition of PHP on May 7, 2021, the Company signed the First Amendment to the Loan Agreement (the First Amendment) which provided an additional term loan of $4,000,000. The Company incurred debt issuance costs of $100,000, which are amortized over the term of the credit agreement.

On September 13, 2021, the Company signed the Second Amendment to the Loan Agreement (the Second Amendment), which granted approval for the acquisition of Sir Grout, LLC, and provided an additional term loan of $12,000,000. The Company incurred debt issuance costs of $451,094, which are amortized over the term of the credit agreement.

The interest rate is a floating rate equal to the lesser of Secured Overnight Financing Rate (SOFR) plus the applicable margin as defined in the credit agreement, which is 11.04% as of December 31, 2023. Principal payments are due quarterly on the first day of each quarter in an amount equal to $102,344 and with a balloon payment on December 23, 2025. There is $27,716,562 outstanding on the senior secured term loan at December 31, 2023, and $1,300,000 drawn down on the revolving loan and nothing drawn down on the additional term loans.

The credit agreement includes certain ratios and excess cash flow payments. The credit agreement is collateralized by all business assets of the Company. As of December 31, 2023, the Company was in compliance with its debt covenants.

Amortization expense recognized on debt issuance costs was approximately $210,000, $210,000, and $123,000 as of December 31, 2023, 2022,and 2021, respectively.

A summary of long-term debt is as follows as of December 31, 2023:

	2023	2022
Term loan	$ 27,716,562	$ 28,072,031
Revolver	1,300,000	-
Less unamortized debt issuance costs	(419,266)	(628,999)
Less current portion	(409,376)	(355,469)
	$ 28,187,920	$ 27,087,563

Future maturities of long-term debt are as follows:

2024	$ 409,375
2025	28,607,187
	$ 29,016,562

Note 6. Leases

Operating lease: The Company leases real estate and vehicles, under operating lease agreements that have initial term of four to 15 years. Some leases include one or more options to renew, generally at the Company's sole discretion, with renewal terms that can extend the lease five times up to a term of five years each. In addition, certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Company will exercise that option. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

The components of lease expense are as follows for the years ended December 31:

	2023	2022
Operating lease cost	$ 1,246,219	$ 1,426,819
Short-term lease cost	12,400	-
Total lease cost	$ 1,258,619	$ 1,426,819

Supplemental cash flow information related to leases is as follows for the year ended December 31:

	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	$ 1,235,137	$ 1,379,117
Right-of-use assets in exchange for new lease obligations:		
Operating leases	$ 322,159	$ 6,670,560
Weighted-average remaining lease term:		
Operating leases	4.5	5.4
Weighted-average discount rate:		
Operating leases	1.4%	1.0%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2023:

	Operating Leases
Years ending December 31:	
2024	$ 1,294,982
2025	1,225,158
2026	584,634
2027	324,249
2028	311,964
Thereafter	570,128
Total lease payments	4,311,115
Less imputed interest	199,015
Total present value of lease liabilities	$ 4,112,100

Note 7. Commitments and Contingencies

Legal matters: From time to time, the Company may be involved in legal actions arising in the ordinary course of business or, conditions may exist that may result in a loss but will only be resolved when one or more future events occur or fail to occur. Each of these actions or matters is assessed by the Company's management and legal counsel to evaluate the perceived merits of any proceeding or claim, as well as any relief sought or expected to be sought. Such assessment involves the exercise of judgment. The Company establishes accruals for losses that management deems to be probable and subject to reasonable estimate. If the assessment indicates that a potentially material loss contingency is not probable but reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Related-party transaction: A company related to the Company's majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in general and administrative expense on the accompanying consolidated statements of operations. The total expense for the years ended December 31, 2023, 2022, and 2021, is approximately $530,000, $295,000, and $294,000, respectively.

Note 8. Members' Equity

Members' equity consisted of the following membership units:

	2023	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	88,117
Class B Units	11,431	5,250

	2022	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	72,224
Class B Units	7,524	4,184

Class A Units have voting rights on all matters requiring the consent, approval or vote of the Members. The Class A Units receive preference on distributions.

Class B Units are profit interests that do not have voting rights and have been issued to designated management employees of the Company without any corresponding capital contribution. The holders of these units are entitled to share in the appreciation of the Company's assets that occur subsequent to the date of grant. The Class B Units are dilutive to the participating preferred units.

Note 8. Members' Equity (Continued)

The Company has issued 11,431, 8,415, and 6,452 units to certain management employees as of December 31, 2023, 2022, and 2021, respectively. The units substantially vest upon a change in control of the Company, if still employed. The fair value of the awards at the date of grant is estimated using option pricing models. The expected terms assumption reflects the period for which the Company believes the awards will remain outstanding and is based on the expected behavior of the award holders. The Company determined the volatility of the fair value of its units through comparison to similar entities considering such characteristics as industry, stage of life cycle, size, and financial leverage. The risk free rate reflects the U.S. Treasury yield curve for similar expected life instruments in effect at the time of grant. During the years ended December 31, 2023 and 2022, and 2021 there were 6,181, 4,231, and 1,314 cumulative units forfeited, respectively. Class B units have no compensation expense recorded as their vesting condition is not considered probably until a change in control occurs.

Note 9. Discontinued Operations

GGFA was sold by the Company on December 31, 2023, in exchange of 300 Class A units owned by the buyer that were valued at $221,000. This entity operated as a separate business. In addition, on January 31, 2024, the Company sold PHP in exchange of 300 Class A units owned by the buyer that were valued at $630,000. Finally, MM is being marketed for sale and it is probable that a transaction will occur in the next year. PHP and MM are classified as held-for-sale.

The sale of GGFA, subsequent sale of PHP and the anticipated sale of MM businesses are considered to be a strategic change in operations as they are all non-franchisors so the Company can focus on the franchisor business. GGFA, PHP, and MM are therefore being accounted for as discontinued operations. The results of the operations and sale GGFA business are being presented as loss from discontinued operations in the accompanying consolidated statements of operations for the years ended December 31, 2023, 2022, and 2021.

Note 9. Discontinued Operations (Continued)

The results of operation of GGFA, PHP, and MM included in loss from discontinued operations in the consolidated statements of operations for the years ended December 31, 2023, 2022, and 2021, is as follows:

	2023	2022	2021
Revenues:			
Recurring revenue	**$ 8,798,202**	$ 7,518,439	$ 3,914,103
Total revenues	**8,798,202**	7,518,439	3,914,103
Operating expenses:			
Cost of services	**3,131,846**	2,654,396	938,042
General and administrative expenses	**2,039,743**	1,558,587	1,915,405
Payroll and benefits	**4,519,254**	3,545,276	1,496,810
Depreciation and amortization expenses	**610,410**	598,952	384,722
Total operating expenses	**10,301,253**	8,357,211	4,734,979
Loss from operations	**(1,503,051)**	(838,772)	(820,876)
Other expense (income):			
Interest expense	**896**	-	-
Other expense (income)	**(34,104)**	(7,348)	9,853
Other expense	**(33,208)**	(7,348)	9,853
Loss from discontinuing operations	**(1,469,843)**	(831,424)	(830,729)
Gain on sale from discontinued operations	**9,972**	-	-
Net loss	**$ (1,459,871)**	$ (831,424)	$ (830,729)

Note 9. Discontinued Operations (Continued)

The balance sheets of GGFA, PHP, and MM included in loss from discontinued operations in the consolidated balance sheets for the year ended December 31, 2023 and 2022, are summarized as follows:

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	**$ 213,960**	$ 291,909
Accounts receivable, net of allowance for credit losses	**133,321**	121,528
Inventory	**80,754**	188,288
Prepaid expenses and other current assets	**28,437**	89,816
Total current assets	**456,472**	691,541
Property and equipment, net	**434,145**	269,191
Other assets:		
Goodwill, net	**3,316,651**	3,880,688
Intangibles, net	**957,667**	1,012,917
Right of use asset - operating leases, net	**391,489**	484,613
Other assets	**-**	1,900
Total other assets	**4,665,807**	5,380,118
Total assets	**$ 5,556,424**	$ 6,340,850
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	**$ 428,289**	$ 163,164
Accrued expenses	**1,097,308**	1,118,275
Other liabilities	**59,154**	77,727
Operating lease liabilities, current	**102,862**	145,189
Total current liabilities	**1,687,613**	1,504,355
Other long-term liabilities	**133,484**	1,833
Operating lease liabilities noncurrent	**299,883**	355,482
	433,367	357,315
Total liabilities	**2,120,980**	1,861,670
Members' equity	**3,435,444**	4,479,180
Total liabilities and members' equity	**$ 5,556,424**	$ 6,340,850

THE FINANCIAL STATEMENTS AS OF, AND FOR THE 2-MONTH PERIOD ENDED, FEBRUARY 28, 2026 ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM

HS Group Holding Company

HS Group Holding Company (Consolidated)

Balance Sheet

End of Feb 2026

Financial Row	Amount
ASSETS	
Current Assets	
Bank	
10000 - Cash & Cash Equivalents	$3,763,092.13
Total Bank	$3,763,092.13
Accounts Receivable	
11000 - Accounts Receivable	$3,168,774.16
Total Accounts Receivable	$3,168,774.16
Unbilled Receivable	$2,542,458.44
Other Current Asset	$4,769,598.10
Total Current Assets	$14,243,922.83
Fixed Assets	
15000 - Fixed Assets	$1,129,571.58
Total Fixed Assets	$1,129,571.58
Other Assets	
16000 - Intangible Assets	$65,603,458.69
17000 - Other Assets	$7,252,326.90
Total Other Assets	$72,855,785.59
Total ASSETS	$88,229,280.00
Liabilities & Equity	
Current Liabilities	
Accounts Payable	
20000 - Accounts Payable	$2,449,678.16
Total Accounts Payable	$2,449,678.16
Credit Card	$107,729.07
Other Current Liability	$7,369,924.27
Total Current Liabilities	$9,927,331.50
Long Term Liabilities	
26000 - Deferred Revenue - Long Term	$4,092,633.19
27000 - Long Term Liabilities	$32,148,843.09
Total Long Term Liabilities	$36,241,476.28
Equity	$42,060,472.22
Total Liabilities & Equity	$88,229,280.00

HS Group Holding Company
HS Group Holding Company (Consolidated)
Income Statement
January - February 2026

Financial Row	Amount
Ordinary Income/Expense	
Income	
Revenue	
Franchise Royalties	$2,932,529.23
Franchise Fees	$339,664.65
Service Revenue	$1,357,828.20
Company Store Revenue	$1,195,052.34
Products, Parts, & Service Revenue	$722,335.73
Other Revenue	$998,863.16
Total Revenue	**$7,546,273.31**
Cost Of Sales	
Labor	$515,043.76
Freight	$26,624.21
Product & Materials	$515,259.28
Vehicle	$60,829.86
Miscellaneous	$173,346.13
Total Cost of Sales	**$1,291,103.24**
Gross Profit	**$6,255,170.07**
Expense	
SG&A Expenses	
Compensation & Benefits	$2,788,571.86
Rent & Utilities	$251,822.17
Information Technology	$599,271.28
Professional Services	$391,341.43
Marketing & Advertising	$1,060,794.77
Travel & Entertainment	$129,750.78
Office - Vehicle	($13,777.09)
Office & Administrative	$228,023.14
Total - Expense	**$5,435,798.35**
Net Ordinary Income	**$819,371.72**
Other Income and Expenses	
Other Income	
Total - Other Income	**$78.50**
Other Expense	
Depreciation & Amortization Expense	$2,058,601.73
Taxes	$1,740.45
Other Expense	$777,428.73
Total - Other Expense	**$2,837,339.87**
Net Other Income	**($2,837,261.37)**
Net Income	**($2,017,889.65)**

GUARANTEE OF PERFORMANCE

For value received, **HS GROUP HOLDING COMPANY, LLC**, a Delaware limited liability company (the "Guarantor"), located at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111, absolutely and unconditionally guarantees to assume the duties and obligations of **PHP FRANCHISE, LLC**, located at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Frisco, Texas, on the 6 day of April, 2026.

GUARANTOR:

HS GROUP HOLDING COMPANY, LLC

By: _____
Name: Theodore DeMarino
Title: Chief Executive Officer

EXHIBIT C

PHP FRANCHISE, LLC
FRANCHISE AGREEMENT

DATE: _____

PLP # _____

PHP FRANCHISE AGREEMENT

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HEATING + AIR PARAMEDICS FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made by and between PHP FRANCHISE, LLC, a Delaware limited liability company (hereinafter "we" or "us" or "our" or "Franchisor"), and [PERSON OR ENTITY], {a [ENTITY INFORMATION] or [an individual]} with a [primary residence] or [principal place of business] at__ (hereinafter "you" or "your" or "Franchisee"). Each of the Franchisor and Franchisee hereby agree as follows:

1. The System.

(a) Heating and Air Conditioning Business. Franchisor has developed a residential heating and air conditioning installation, repair, replacement and maintenance services business utilizing proprietary and confidential manuals and publications, software and hardware, heating and air conditioning installation and service techniques, trade dress, design, image, know-how, protocol, services and products, prototypes, trade secrets, market analysis, sales and merchandising methods, training of franchisees and business personnel, advertising and marketing techniques, record keeping and business management practices that are licensed, along with the Licensed Marks (as defined below), to the Franchisee under this Agreement (collectively, the "System").

(b) The Marks. Franchisor is the licensor of the Heating + Air Paramedics trade names, trademarks, service marks, e-names, trade dress, logos and logotypes, designs, symbols, and other indications of origin, including, but not limited to, the word mark "Heating + Air Paramedics" and associated logos and symbols as are now or hereafter designed by us and licensed to the Franchisee (the "Licensed Marks").

(c) Evolution. You acknowledge and agree that you must comply with all such changes at your sole expense.

(d) Expansion. We reserve the right, for us and our affiliates, to develop, operate and franchise similar or dissimilar systems, for the same, similar or different products, goods and/or services, under trademarks, service marks and commercial symbols same as, similar to or different from the Licensed Marks, without offering them to you.

2. Grant of Franchise.

(a) Grant. Subject to all of the terms and conditions of this Agreement, we license to you the right and obligation to operate a residential heating and air conditioning installation, repair, replacement and maintenance services business utilizing the System and the Licensed Marks (referred to as the "Franchise" or the "Franchised Business") within the non-exclusive geographic area described in Exhibit 1 (the "Territory"), attached hereto and made a part hereof by this reference.

3. Term and Renewal.

(a) Term. This Agreement shall take effect in accordance with Section 36 below (the "Effective Date") and, unless terminated pursuant to Section 14, shall continue in effect for a term of ten (10) years (the "Term").

(b) Renewal. You may be eligible to renew your Franchise for one additional term equal to the then-current term we are granting for new Heating + Air Paramedics franchises at that time, so long as you meet all conditions of renewal set forth in Section 3(d).

(c) Notice. You must notify us that you intend to seek renewal of the Franchise by providing us written notice not less than six (6) months prior to the expiration of the Term. Failure to provide the required notice shall act as a waiver of your option to renew.

(d) Renewal Conditions. You may be eligible to renew the Franchise if you:

i. Provide us with the notice required under Section 3(c);

ii. Are not in default under this Agreement, or any other agreement ancillary hereto;

iii. Have not received three (3) or more notices of default during the Term, regardless of whether you cured the default(s);

iv. At the time when you are offered a franchise agreement, have paid all Continuing Royalties and any other amounts due and owing to us and any of our affiliates;

v. At the time when you are offered a franchise agreement, you are not in default beyond the applicable cure period with us or any of our affiliates or any of your vendors or suppliers;

vi. Enter into the then-current form of franchise agreement offered by us, which may contain terms different from those contained herein including, but not limited to, different performance standards, renewal terms, royalty structures or fees, and territory, along with the Renewal Amendment attached as Exhibit 9; and

vii. Pay the renewal fee of twenty percent (20%) of the then-current Initial Franchise Fee Franchisor charges to new franchisees purchasing franchises at that time. If you are renewing more than one Franchise on or about the same date, Franchisor may, in its sole discretion, charge a single renewal fee for all of the Franchises you are renewing.

(e) Interim Period. If Franchisee does not sign a new franchise agreement prior to the expiration of the Term of this Agreement, and Franchisee continues to accept the benefits of this Agreement thereafter, then at the option of Franchisor, this Agreement shall be deemed to: (1) have expired as of the date of its stated expiration, with Franchisee then operating without a Franchise and in violation of Franchisor's rights; or (2) be continuing on a month-to-month basis (the "Interim Period") until one party provides the other with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of such notice to terminate the Interim Period. Notwithstanding anything set forth herein to the contrary, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement, shall be deemed to take effect upon termination of the Interim Period.

4. Territory.

(a) Territory Grant. You shall receive a non-exclusive Territory, as described on Exhibit 1, in which to operate the Franchised Business.

(b) Limitation on Franchisor. Except as stated in this Section, for so long as you are not in default of this Agreement or any other agreement with us or any of our affiliates, we shall not operate, or

grant any other party the right to operate, a business providing heating and air conditioning services under the Licensed Marks, the physical premises of which is in the Territory.

(c) Non-Exclusivity. Franchisee acknowledges that the foregoing restriction does not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions, including:

i. Operating, or allowing others to operate, similar or identical businesses that are physically located outside the Territory, whether under the Licensed Marks or other trade or service marks, even if the businesses compete with your Franchised Business;

ii. Operating, or allowing others to operate, businesses located inside the Territory under the Licensed Marks or other trade or service marks that do not compete with your Franchised Business;

iii. Selling products to third parties even if the same or similar products are sold or provided to you for use or resale in the Franchised Business, whether the third parties are located in the Territory or otherwise and whether under the Licensed Marks or other trade or service marks;

iv. Selling goods or services, or granting others the right to sell goods or services, through other distribution channels (including the Internet, catalog sales, telemarketing, or other direct marketing), regardless of whether those goods or services are similar to or competitive with those sold by your Franchised Business or are sold using the Licensed Marks or other trade or service marks, or are sold inside or outside the Territory;

v. Advertising, or authorizing others to advertise, in any location while using the Licensed Marks, including inside and outside of the Territory;

vi. Acquiring businesses that are similar to or competitive with your Franchised Business; and

vii. Selling all or substantially all, of Franchisor's assets to any third party regardless whether such third party operates, or franchises the operation of businesses similar to your Franchised Business.

(d) Location. You must operate the Franchise from a business location inside the Territory that we approve. We will provide a sample facility design that you may use in connection with remodeling your location, but you are not obligated to follow our design. You must identify, obtain approval for and occupy your business location within one hundred twenty (120) days from the Effective Date of this Agreement. If you are unable to locate an approved permanent location within this time period, we may approve a temporary location for you to open your Franchised Business if the location meets our requirements. You must obtain approval for and occupy a permanent location for your business no later than one (1) year from the Effective Date.

(e) Services Outside Territory. Provided that a customer's residence is not within the territory granted to another Heating + Air Paramedics franchisee, you may provide services to customers outside the Territory upon our approval. If a customer you service outside of your Territory is, subsequent to you providing service, included in a territory granted to another Heating + Air Paramedics franchisee, you must cease servicing such customer and notify us so that we can transfer service to the appropriate franchisee.

i. If you are providing services to a customer outside of your Territory under a periodic maintenance agreement ("Maintenance Customer"), and the Maintenance Customer is included in a territory granted to another franchisee, you may continue to service the Maintenance Customer until the end of the maintenance agreement or for a period of up to one (1) year after the grant of the territory to the franchisee,

whichever comes first (the "Maintenance Period"). At the end of the Maintenance Period, you must cease providing service and transfer the customer.

ii. You are responsible for all warranty work associated with customers outside of your Territory for whom you perform service, even if that warranty work is required to be performed after you have ceased service and transferred the customer.

iii. Unless we otherwise approve, you cannot operate other businesses from your Franchise location. You may not accept orders within the territory of another Heating + Air Paramedics franchisee.

5. Training and Operating Support.

(a) Initial Training. Franchisor shall provide an initial training program for Franchisee, which may take place virtually and at the location of the Franchised Business or another location designated by Franchisor, the timing and requirements of which may vary depending on Franchisee's experience and Franchisor's current standards (the "Initial Training Program"). Your principal owner and any on-site supervisor must complete the Initial Training Program to our satisfaction before the opening of your Franchised Business, but in no event later than one hundred twenty (120) days after the Effective Date, unless otherwise approved by us in writing. The Initial Training Program will be provided without charge for up to four (4) attendees, attending together, one of whom must be the majority owner of the Franchised Business, if you are a business entity. We refer to this person as your "principal owner". Any additional attendees, whether attending together or separately, will be subject to Franchisor's then-current fee for attendees at the Initial Training Program. You are responsible for all costs and expenses of your attendees who attend the Initial Training Programs.

(b) Time Requirements. Failure to timely complete the Initial Training Program is a material breach of this Agreement and gives us the right to immediately terminate this Agreement and retain all amounts you have paid to us. You are not required to attend the Initial Training Program if you are entering into this Agreement as a renewal of your Franchise.

(c) Additional Optional Training. Franchisor may provide additional training to Franchisee from time-to-time, either at Franchisor's direction or upon request from Franchisee. Such training shall be held at a location determined by Franchisor or may be provided virtually. Franchisor shall charge a registration fee or program fee for such training. Franchisee shall be responsible for all costs of attending such training, including travel, lodging, and meal expenses. All applicable fees for additional training must be paid prior to the time such training begins.

(d) Additional Required Training. From time-to-time Franchisor may require Franchisee and its employees, to undergo certain training on various topics, including operations, new procedures, or new product or service offerings and ongoing certifications or recertifications on various topics related to the Franchised Business. Such training shall be held at a location determined by Franchisor or may be provided virtually. Franchisor shall charge a registration fee or program fee for such training. Franchisee shall be responsible for all costs of attending such training, including travel, lodging, and meal expenses. All applicable fees for required training must be paid prior to the time such training begins.

(e) Failure to meet Standards. If Franchisee fails to provide services that meet Franchisor's standards, specifications, or procedures, Franchisor shall have the right to assign such person or persons that it deems necessary to provide additional training to Franchisee or its personnel to assure that such standards of quality and service are maintained. Franchisor shall charge its then current hourly rate for trainers, plus all of Franchisor's actual costs including travel, lodging, and meal expenses.

(f) Conventions. We may, at our option, from time-to-time conduct conventions or host meetings of some or all of our franchisees ("Conventions"). The duration, curriculum and location of the Conventions will be determined by us, in our sole discretion. You are required to pay the then-current registration fee for one (1) person to attend each Convention, regardless of whether the person actually attends the Convention. You may choose to send more than one person to each Convention, subject to attendance limitations imposed by us, and you will be required to pay the then-current registration fee for all such additional attendees. You are solely responsible for all of the expenses incurred in connection with attending the Conventions, including, without limitation, travel, transportation, hotel/lodging, food/meal expenses and wages. If you own more than one Franchised Business, you will only be charged the mandatory Convention registration fee for one (1) Convention each year.

(g) Confidential Manual(s). Franchisor shall provide to Franchisee, solely in electronic form, one or more manuals for use in the Franchised Business, which manuals may consist of brand standards, operations, and customer service manuals or otherwise (the "Manual(s)"). The Manual(s) are not to be copied in whole or in part, shall remain the property of Franchisor, and shall always be safely secured. Franchisee shall at all times use and reference only the most current or updated Manual(s). Franchisor may, from time to time, add to or modify some or all of the Manual(s) to supplement or to improve the System as it determines in its sole discretion.

(h) Forms and Templates. Franchisor may provide to Franchisee various example forms and templates Franchisee may use in the operation of the Franchised Business. Franchisor makes no representation or warranty as to whether any such forms or templates meet the legal requirements of the jurisdiction in which you do business. Franchisee acknowledges that it is Franchisee's responsibility to modify such forms and templates to meet all laws and regulations applicable to the Franchised Business. Franchisor may from time to time update the forms and templates provided to Franchisee. Upon provision of an updated form or template to Franchisee, Franchisee must immediately discontinue use of any prior version and only use the new version of the form or template thereafter.

(i) Digital Marketing Services. Unless we otherwise approve, you must purchase from us digital marketing services, which includes reporting, keyword tracking, blog posts, digital strategy, and business profile management and posting, and add-on or plug-in tools for those digital marketing services that are optional. You may also purchase paid digital lead generation services from us. You must pay us the then-current fees for such services at the times and in the manner we specify.

(j) Level of Services. Franchisor is not obligated to perform any services to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. In addition, Franchisor shall have the right to subcontract or delegate any of its duties and responsibilities under this Agreement; provided, however, Franchisor shall be responsible for the performance of such duties, notwithstanding such subcontract or delegation, to the same extent as if Franchisor had not subcontracted or delegated such duties, unless such subcontract or delegation is in connection with an assignment pursuant to Section 18.

(k) Ongoing Support. Franchisor will be available during normal business hours, and without charge to Franchisee, to provide Franchisee with reasonable telephone and email support on operating issues concerning the Franchised Business.

(l) Phone and Messaging Services. You may obtain phone and text message services from us. You may purchase from us a phone number and text message services at our then-current charges. Charges for these services shall be payable at the times we specify and by the method we specify.

(m) Customer Assistance and Marketing Services. From time-to-time we may offer to provide you various services, tools or other items that you may use to market your Franchised Business and its services and to assist customers of the Franchised Business. As of the Effective Date, these services include the use of agentic customer solicitation and assistance technology to solicit new customers and service existing customers, the provision of a tool you can use to create emails marketing new customers, and marketing postcards. If you would like to use these services, technology, tools or other items you must pay us our then-current charges at the times and by the payment method we specify. We may terminate our provision of any or all of these services, technology, tools or other items at any time.

6. Operation of the Franchised Business.

You shall operate the Franchised Business in accordance with high standards of quality, appearance and operation. For the purpose of enhancing the public image and reputation of the System and for the purpose of increasing the demand for services and products provided by System franchises and us, you hereby agree as follows:

(a) Opening. You must open the Franchised Business no later than one hundred twenty (120) days from the Effective Date. If this Agreement is signed as part of the purchase of multiple territories, then you may be required to sign the Multi-Territory Development Addendum attached hereto as Exhibit 10 and your deadline to open the Franchised Business will be set forth in the Addendum. If you fail to timely open your Franchised Business we have the right to terminate this Agreement and in such case retain all amounts you have paid to us and our affiliates.

(b) Facility. You must purchase or lease a single office, garage, or warehouse facility that meets our requirements and that is approved by us. If you are unable to locate a permanent location we approve within one hundred twenty (120) days after the Effective Date, we may permit you to operate the Franchise from a temporary location we approve. If you do not move into a permanent location we have approved within one (1) year from the Effective Date, we can terminate this Agreement.

(c) Permits; Certifications. Before opening the Franchised Business, you shall, at your sole expense, furnish to us for approval, certifications from all governmental authorities having jurisdiction over the Franchised Business that all necessary permits and licenses have been obtained and that all requirements for operation of the Franchised Business have been met.

(d) Vehicle. Before opening the Franchised Business, you shall purchase or lease at least one(1) vehicle that is specifically approved by us as to make and model. This vehicle must meet all of our standards and specifications, including those related to graphics and wrap. You shall have at least one (1) approved vehicle that is fully operational at all times during the Term of this Agreement. You shall maintain all vehicles used in the operation of the Franchised Business in good appearance and operating condition.

(e) Initial Marketing Package. No later than thirty (30) days prior to the opening of your Franchised Business, you must purchase from our approved supplier a package of marketing materials for use in branding and marketing your Franchise (the "Initial Marketing Package"). The fee for the Initial Marketing Package will vary, depending on the style and type of exterior sign you purchase and the volume of materials you must purchase.

(f) Management of the Business. You or your principal owner if you are not an individual, must be the license holder for the Franchised Business, if required by applicable law. You or your principal owner must manage the Franchised Business on a full-time basis, unless we approve otherwise in writing. Our approval shall be conditioned, at a minimum, on your demonstrating, to our satisfaction, that you have

adequate management in place to operate the Franchised Business according to our standards and specifications.

(g) Owners; Novation. If Franchisee is an entity, including a corporation, limited liability company or partnership, each owner as of the Effective Date hereof, as well as any future owners, must sign Franchisor's then-current guaranty agreement at the time such individual becomes an owner of Franchisee. The current form of Guaranty Agreement is attached hereto as Exhibit 2. If this Agreement is signed by an individual, then before opening the Franchised Business you shall, at your sole expense, establish a corporate entity (i.e., a C-corp, S-corp, LLC, etc.) of your choosing and provide us with all requested information regarding such entity. You shall also, at your sole expense, agree to amend, assign or novate this Agreement so that your corporate entity shall be the counterparty to this Agreement and the legal operator of the Franchised Business. A form of Novation Agreement is attached as Exhibit 11.

(h) Minimum Days/Hours. You must operate the Franchised Business at a minimum during the days of the week and hours of service specified by us, subject to applicable law.

(i) Quality Service. You shall conduct the Franchised Business in accordance with our professional and ethical image and our standards, which you acknowledge are an integral part of the System. You shall, at all times, adhere to the highest standards of integrity and ethical conduct in the operation of the Franchised Business and otherwise. You shall utilize your best efforts, skill, and diligence to ensure that you and your employees, contractors, and agents establish and maintain high quality service to all doing business with the Franchised Business, including customers and vendors. At all times, Franchisee shall conduct its business in a manner that will preserve and enhance the goodwill associated with the Licensed Marks and in accordance with the standards of Franchisor.

(j) Products and Services. Franchisee shall not offer any products or services through the Franchised Business or under the Licensed Marks that are not approved by Franchisor. All such products and services must meet Franchisor's standards and specifications. Franchisor reserves the right to add additional products and services which you must offer and further reserves the right to withdraw any products or services authorized by it. Franchisee may not use the Franchised Business to operate any other business, or offer any products or services, that have not been approved by Franchisor. Franchisee shall purchase and use such supplies, products, ingredients, furniture, fixtures, and equipment to offer any products or services that Franchisor may from time to time require. Franchisor reserves the right to designate, at any time and for any reason, a single supplier for any equipment, supplies, services, products or other items and to require Franchisee to purchase exclusively from such designated supplier, which exclusive supplier may be Franchisor or any of its affiliates.

i. Franchisee shall set its own pricing for the products and services it offers in the Franchised Business; provided, however, Franchisee shall adhere to any minimum and maximum prices prescribed by Franchisor for services or products offered by Franchisee, along with any promotions, discounts and/or national pricing programs required by Franchisor, in accordance with applicable law.

ii. If you desire to purchase any services or products from suppliers that we have not previously approved, you or the supplier must submit a written request for such approval to us. As a condition of our approval, we may require that our representatives be allowed to inspect the supplier's facilities and/or that a sample of its product be made available to us or our designee for testing. You will be responsible for the cost of any testing or inspection that is required. Within thirty (30) days after we have received from you all information we require and we have completed any testing we believe is necessary, we will issue a decision in writing. Such decision may be a determination that additional time is needed to complete the review. Any denial will state the reasons. In the event we do not provide you with a written decision, the request shall be deemed denied.

(k) Compliance with Specifications and Procedures. Franchisee acknowledges that the Manual(s) are designed to protect Franchisor's System, and the Licensed Marks, and not to control the day-to-day operation of the Franchised Business or the employment practices of Franchisee. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor as well as all mandatory standards, specifications, and procedures contained in the Manual(s), as amended from time to time, and shall adopt and adhere to the policies of Franchisor. Franchisor specifically reserves the right to modify or change such rules, regulations, and directives and to amend or update the Manual(s) in its sole discretion.

i. You are solely responsible for all costs of compliance with modifications or changes to the System's rules, regulations and directives.

ii. The failure to comply with all of Franchisor's rules, regulations, and directives is a material breach of this Agreement.

(l) ISP; Computer Software. Franchisee must subscribe, at Franchisee's expense, to an Internet service provider or other electronic communication provider or service as required by Franchisor and that otherwise meets Franchisor's standards. Franchisee may not integrate, directly or indirectly, any third party software into the computer or other technology systems of Franchisor. Unless otherwise agreed by Franchisor, Franchisor shall have no obligation to integrate into its computer or other technology systems, any third party software used or otherwise requested by Franchisee.

i. Franchisee shall only use Heating + Air Paramedics branded emails obtained from Franchisor in its communications with customers, suppliers or any other third parties, in the development, promotion and operation of the Franchised Business.

ii. Franchisee shall use all software and other systems specified or provided by Franchisor, an affiliate or any third party, for use in the operation of the Franchised Business, including field service software, customer management software, financial management, accounting, scheduling, proposal-writing and any other software or systems specified or provided by Franchisor.

iii. Franchisor and its affiliates or vendors may issue credentials or other forms of access, licenses, or permissions to their systems and software. You will not share any credentials, licenses, permissions, passwords or other form of access to any software or systems with any third party. Franchisor shall have independent access to all of your systems and software, excluding any employment records, and Franchisee shall provide Franchisor, upon request, with any passwords or login ability necessary to access all such software or systems.

iv. Franchisee may not authorize any third party, including, but not limited to, vendors, marketers and sales agents, to connect to any of Franchisor's systems or software without Franchisor's prior written approval.

v. Franchisor may require that any and all communications between Franchisee and Franchisor be made through the Internet or such other electronic medium as Franchisor may designate, and Franchisee may be required to access the Internet or other electronic information on a regular basis to obtain full benefit of the System. Franchisee shall maintain a working email address to communicate with Franchisor.

vi. Franchisor is not liable for any damage to Franchisee including lost profits, which occur as a result of any outage or delay related to electronic transmission of information, whether by the Internet or otherwise, or as a result of Franchisee's failure to access the information. Franchisor may, in its sole discretion, make use of any information furnished by it to Franchisee.

vii. Franchisee will not devise, develop or implement any modifications or changes to any of the software or systems used by the Franchise System without Franchisor's prior written approval.

(m) Privacy and Security. Franchisee shall comply with all standards, laws, rules, regulations, or any equivalent thereof relating to the possession, use, control, processing, transfer, sale and storage of all data, including personally identifiable information, sensitive personal information and financial information, data privacy, and data protection, including but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq. Franchisee must comply with any privacy policies, security protocols or policies, data protection protocols or policies and breach or incident response protocols or policies that Franchisor may periodically establish or revise. Franchisee shall take all action necessary to ensure that all payment processing activity is PCI-DSS compliant and shall certify compliance to Franchisor upon request. Franchisee shall comply with all of Franchisor's standards, practices, policies and protocols governing the selection and use of third-party vendors for compliance, technology, security or privacy. Franchisee shall comply with all protocols and practices, whether at the direction of Franchisor or a third-party approved by Franchisor or under applicable law, for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories, and transactions concerning customers of the Franchised Business, unless otherwise directed by Franchisor. Franchisee waives any and all claims Franchisee may have against Franchisor or its affiliates, parents, vendors, agents and consultants as the direct or indirect result of such disruptions, failures, or attacks. If Franchisee suspects or knows of a security breach, Franchisee shall immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at its expense. Franchisee shall indemnify and hold harmless Franchisor from any suits, demands, actions, complaints, claims, investigations, fines, penalties, compliance actions and any other costs, including legal fees, compliance fees and damages, arising out of Franchisee's failure to comply with applicable data privacy or data security laws, regulations, standards, protocols or policies or any other matter addressed in this Section.

(n) Mobile Applications. Franchisor may develop and provide one or more mobile technology applications for Franchisee's use in the operation of the Franchised Business. If Franchisor provides such applications, Franchisee shall use the applications and its functionality only as Franchisor shall specify and shall pay all fees or other charges required by Franchisor for use of the application.

(o) Telephones. Franchisee must acquire the right, title, and interest in and to a sufficient number of telephone numbers and regular, classified, yellow-page, and other telephone directory listings to use in the operation of the Franchised Business. Franchisee shall enter into the Telephone Listing Agreement attached hereto as Exhibit 3.

(p) Technology Upgrades. Franchisee must subscribe to or obtain, and maintain and upgrade as needed, at Franchisee's expense, and use for communicating, reporting, managing, and operating the Franchised Business in the form and method prescribed by Franchisor, all hardware, software and systems selected and approved by Franchisor, including, but not limited to, computer equipment, mobile devices, point-of-sale software, field service software, financial management software and accounting software, payment processing software, security software, communications software and marketing software. Franchisee shall be responsible for all costs, fees and charges for the purchases, subscriptions, maintenance and improvements required by this Section. For the avoidance of any doubt, Franchisor may require Franchisee to upgrade any technology used by Franchisee in the Franchised Business at any time and without regard to any expenditure or frequency limitations. Additionally, there shall be no limit on Franchisor's right to require Franchisee to replace its computer system, to replace or upgrade hardware or software used by Franchisee in the Franchised Business, or to require Franchisee to purchase additional hardware or software that Franchisor may select for use in the Franchised Business.

(q) Changes. Nothing in this Agreement limits the frequency or cost of future changes to the System that Franchisor may require. Franchisee understands and agrees that Franchisor has no ability to identify with specificity the nature of these future general improvements or their expected cost and accepts the risk that future general improvements may be imposed that will require significant capital expenditures in an amount that is unknown on the Effective Date and that cannot be fully amortized over the period of time then remaining in the Term of this Agreement.

(r) Programs. Franchisee must participate in, comply with all terms and conditions of, and pay all charges related to, all programs Franchisor may require Franchisee to participate in from time to time, including any gift card, gift certificate, rewards, coupon, customer satisfaction, or frequent customer, reciprocity, membership or loyalty programs. The terms and conditions of any such programs, as well as the programs themselves, may be modified or terminated at any time by Franchisor in its sole and absolute discretion. Franchisee shall comply with all policies related to any such programs. Franchisee shall not create or issue its own gift card, gift certificate, rewards, coupon, customer satisfaction, or frequent customer or other membership programs.

(s) Provision of Information. Franchisee acknowledges and agrees that any and all information provided to Franchisee by Franchisor or any affiliate of Franchisor under this Agreement may be provided in such manner and by such media as Franchisor may determine, including, without limitation, by electronic and/or computer means. Franchisee also specifically agrees that Franchisor and any affiliate of Franchisor or any third-party supplier approved by Franchisor may communicate with Franchisee by fax, email, or other electronic communications.

(t) Improvements. If Franchisee, during the term of this Agreement, conceives or develops any improvements or additions to the System, including any new products, trade names, trade and service marks and other commercial symbols related to the Franchised Business, or any advertising, promotion, or marketing ideas related to the Franchised Business, or have any suggestions, comments or other feedback with respect to the System (collectively, "Improvements"), Franchisee shall fully disclose the Improvements to Franchisor without disclosure of the Improvements to others and shall obtain Franchisor's written approval prior to the use of such Improvements. Any such Improvement approved by Franchisor may be used by Franchisor and its affiliates and all other franchisees of Franchisor without any liability to you or obligation to Franchisee for royalties or other compensation. Franchisee shall assign to Franchisor, and hereby does assign to Franchisor, without charge, all rights to such Improvements, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvements. Franchisor, at its discretion, may make application for and own copyrights, trade names, trademarks, and service marks relating to any such Improvements. Franchisor also may consider such Improvements as the property and trade secrets of Franchisor. Franchisor shall authorize Franchisee to utilize any Improvement authorized generally for use by other franchisees.

(u) Franchisee Control. Franchisee acknowledges that it is responsible for the day-to-day operation of its Franchised Business, including hiring; setting the conditions of employment; supervising, discipline, and termination of all personnel; purchases or leases and maintenance of equipment and supplies; maintenance of employment records; and daily maintenance, safety, security, and the achievement of compliance with the System. Franchisor's ability to approve certain matters, to inspect the Franchised Business, and to enforce its rights, exists only to the extent necessary to protect its interest in the System and the Licensed Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. Franchisee's employees are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions at the Franchised Business, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide

facilities, equipment, or house or transport Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee.

(v) Taxes. Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation of the Franchised Business. Franchisee further shall secure and pay premiums on a workers' compensation policy covering all of its employees and, if applicable, shall pay all state unemployment taxes, state sales taxes, and all other taxes and expenses of operating the Franchised Business. In the event of any bona fide dispute as to the liability for any taxes assessed against Franchisee, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority. In no event, however, shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant to occur against the Franchised Business, or any part thereof.

(w) Customer Complaints. You shall promptly respond to any and all customer inquiries or complaints and achieve customer satisfaction through feasible means, including, but not limited to, refunds or corrective action, as well as take such other steps as may be required by us to ensure positive customer relations and maintain the goodwill and reputation of the System. At our sole discretion, Franchisor may intervene to address unresolved customer complaints or inquiries. You must reimburse us for all our costs associated with any such customer intervention.

(x) Third-Party Actions. You will notify us, in writing, within twenty-four (24) hours of receipt of notice of the commencement of, or the threat of, any action, suit or proceeding against you, and of the issuance of or the threat of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which arises out of, concerns, or may affect the operation or financial condition of the Franchised Business, us, or the goodwill associated with the Licensed Marks including, without limitation, any criminal action or proceedings brought against you or by you against your employees, customers, or other persons. You agree that you will not commence any action, suit or proceeding that affects us, or the goodwill associated with the Licensed Marks, without our prior written approval.

(y) Compliance with Laws. Franchisee shall comply with all laws and regulations applicable to its Franchised Business, including all zoning laws, licensing and permitting requirements, anti-discrimination laws, laws regarding the protection of private information, the Americans with Disabilities Act, and environmental and disposal laws.

(z) Specifications and Suppliers. Unless Franchisor otherwise approves, the products, services, equipment, supplies, computer hardware, software and other technology systems (including, but not limited to, payment processing systems, mobile devices, point-of-sale software, field service software, accounting software, payment processing software, security software, communications software, marketing software, and electronic applications), insurance, and advertising and marketing materials, Franchisee uses, or is required to use, in the operation of the Franchised Business must meet Franchisor's specifications as they may be provided to Franchisee from time to time. From time to time, Franchisor may provide Franchisee a list of approved suppliers of certain of these items or other items or services necessary to operate the Franchised Business. The approved source of supply for any individual item may be Franchisor, an affiliate of Franchisor, or an independent third party. Franchisor, an affiliate, or an unrelated third party may be the sole source of supply for an item. Franchisee acknowledges and agrees that Franchisor or its affiliates may derive revenue or other benefits based on Franchisee purchases and leases, including from charging Franchisee for products and services Franchisor or its affiliates provide to Franchisee, and from rebates, promotional allowances, volume discounts, and other payments made to Franchisor by suppliers that Franchisor approves for its franchise system. Franchisor and its affiliates may use all amounts received from suppliers, whether or not based on Franchisee's or other franchisees' actual or prospective dealings with them, without restriction for any purposes it deems appropriate. If you derive any revenue based on

payments or promotional allowances received from suppliers and/or distributors, you must report to us the details of the arrangement and such revenue shall be included as part of your Gross Sales.

7. Trademarks.

(a) Ownership of Marks and Goodwill. You acknowledge that we are the sole and exclusive owner of the Licensed Marks, and that your right to use them is derived solely from this Agreement and that such right is limited to the operation and promotion of the Franchised Business in accordance with this Agreement and all mandatory standards, specifications and operating procedures prescribed from time to time by us (as same may be amended from time to time) or otherwise. You agree not to obtain or seek to obtain any trademark or service mark registration of any of the Licensed Marks in any jurisdiction in your own name or in the name of any other person. All use of, and goodwill associated with the use of, the Licensed Marks by you shall inure to our benefit. You agree not to contest, directly or indirectly, our ownership, title, right or interest in the Licensed Marks, trade secrets, trade dress, methods, proprietary information, procedures and advertising techniques which are part of the System or to contest our sole right to register, use or license others to use the System, the Licensed Marks, trade secrets, trade dress, methods, proprietary information, procedures and techniques.

(b) Display of Licensed Marks. Franchisee shall operate under, and prominently display, the Licensed Marks in the operation of the Franchised Business in the manner specified by Franchisor, and pursuant to the standards made available to Franchisee by Franchisor. Franchisee shall use no commercial trade names, service marks, or other commercial symbols, including associated logos, that do not satisfy the criteria established by Franchisor. Franchisee may not use all or part of the Licensed Marks as part of the name of any corporation, partnership, or limited liability company, and Franchisee must obtain Franchisor's prior written approval of the name of the corporation, partnership, or limited liability company prior to incorporation, formation, or organization, as applicable.

i. If Franchisor deems it advisable, Franchisee shall file for and maintain a "Certificate of Trade Name" or "Fictitious Name" or "Assumed Name" in the county or state, or other appropriate jurisdiction, in which the Franchised Business is located.

ii. Franchisee shall not use any of the Licensed Marks in combination with other words, letters, prefixes, suffixes, logos, or designs, other than in the manner authorized by Franchisor.

(c) Change of Licensed Marks. From time to time, Franchisor may elect to discontinue the use of certain Licensed Marks and to commence use of new Licensed Marks. Franchisee shall pay all expenses incurred in connection with discontinuing the use of existing Licensed Marks in the Franchised Business and commencing the use of new Licensed Marks, including upon such vehicles, uniforms, equipment, containers, fixtures, signs, stationery, advertising, sales/promotional materials and such other objects, in such size, color, lettering style, and fashion and at such places as we may designate.

(d) Cessation of Use. Franchisee agrees that, upon the expiration or termination of the Term of this Agreement for any reason whatsoever, Franchisee shall immediately discontinue the use of the Licensed Marks, and thereafter shall no longer use, or have the right to use, the Licensed Marks. Franchisee agrees that, if any of the Licensed Marks or any portion thereof are contained in its legal name or "Certificate of Trade Name" or "Fictitious Name" or "Assumed Name", Franchisee shall immediately take all necessary steps to change its legal name and cancel all "Certificate of Trade Names" or "Fictitious Name" filings and "Assumed Names" upon the expiration or termination of this Agreement for any reason.

(e) Notification of Infringement. Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of present and future Licensed Marks and shall not

communicate with any other person in connection with any such infringement, challenge, or claim. Franchisor shall have sole discretion to take such action as it deems appropriate, including the exclusive control of any litigation or any trademark office or other administrative proceeding arising out of any such infringement, challenge, or claim relating to any of the Licensed Marks.

8. Confidentiality and Non-Disclosure.

(a) Non-disclosure. You, your owners and persons controlled by or under common control with you, shall hold in confidence the System and shall not disclose any part of the System to any other party. It is understood and agreed that the System would, if used by other individuals or entities, confer on them a substantial competitive advantage, which advantage is presently enjoyed by us. Accordingly, you agree that you shall not at any time, without our prior written consent, disclose (except to such employees or agents as must reasonably have access to such information in order to establish or operate the Franchised Business) or use or permit the use of the System, or any part, except as may be required by applicable law or as authorized by this Agreement.

(b) Confidential Information. You, your owners and persons controlled by or under common control with you, shall at all times use your best efforts to keep confidential the System, the Manual(s), the contents thereof, concepts, methods of promotion, methods of working, and any other trade secrets, information, knowledge and business know-how concerning the System or the Franchised Business that may be imparted to, or acquired by, you in connection with this Agreement (collectively, the "Confidential Information"). You acknowledge that the unauthorized use or disclosure of such Confidential Information will cause incalculable and irreparable injury to us. Any and all information, knowledge and know-how, not generally known in the heating and air conditioning business, about our products, equipment, services, standards, specifications, systems, procedures and techniques, and such other information or materials as we may designate as confidential, shall be included in the definition of Confidential Information and shall be deemed confidential and proprietary for purposes of this Agreement, except information that you can demonstrate came to your attention prior to disclosure thereof by us or that is or has become a part of the public domain through publication or authorized communication by others.

(c) Ownership. The Confidential Information shall at all times be deemed to be, and shall remain, Franchisor's sole property, and you shall acquire no rights, title or interest therein by virtue of this Agreement. You agree that, if you engage as an owner, member, partner, shareholder, officer, consultant, agent, operator, or in any managerial capacity, in any similar business to the Franchised Business, it shall be conclusively presumed that any violation of the terms of the restrictive covenants in this Agreement was accomplished by and through your unlawful utilization of our Confidential Information, know-how, methods and procedures.

(d) Prohibition on AI. Franchisee may not use Confidential Information, any part of the System, any of the Licensed Marks, or the Manuals or any information contained therein, for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence ("AI") model, algorithm improvement, or similar data aggregation activities without the express written consent of Franchisor. Such uses shall not be deemed related to the performance of this Agreement and are expressly prohibited. Franchisee shall not, without prior written consent by Franchisor, input any Confidential Information, any part of the System, any of the Licensed Marks, or the Manuals or any information contained therein, into any generative AI platform, or disclose such information to any provider or source of generative AI services. Franchisee shall opt out of allowing any provider or source of generative AI to utilize any of the foregoing for training of any AI model or for other purposes.

(e) Irreparable Harm. You agree and acknowledge that the harm to us from any violation of this Section 8 cannot be calculated or compensated with damages, and that we are therefore entitled to seek

equitable relief in the event you violate this Section, including preliminary or permanent injunctive relief or specific performance, and that such equitable relief does not limit or waive our right to recover damages from you, including our costs and attorney's fees incurred to enforce our rights under this Section 8. The provisions of this Section shall survive any termination or expiration of this Agreement.

9. Fees.

(a) Initial Franchise Fee. The fee for the purchase of the Franchise is $40,000 (the "Initial Franchise Fee"), unless modified pursuant to Exhibit 1 attached hereto. The entire Initial Franchise Fee is due and payable upon your execution of this Agreement unless you are financing all or a portion of it, in which case you shall execute the Promissory Note attached as Exhibit 8 to this Agreement.

(b) Continuing Royalty. In consideration of our grant to you of a license to use the Licensed Marks and the Heating + Air Paramedics System, you must pay us a monthly continuing royalty (the "Continuing Royalty") which shall be equal to five percent (5%) of your monthly Gross Sales (as defined below), or One Thousand Five Hundred Dollars ($1,500) per month, whichever is greater. The Continuing Royalty is due for the month in which we determine that the Franchised Business has commenced operations in the Territory, and each full or partial month thereafter for the remainder of the term of this Agreement. If your Franchise operates more than one contiguous territory, you may request to combine the Continuing Royalty payable for each territory in an attempt to achieve the $1,500 minimum Continuing Royalty.

"Gross Sales" shall mean all of revenue from the operation of the Franchise, including, but not limited to, customer sales, equipment sales, equipment rentals, cash sales, fees, financing and sales tax. Gross Sales excludes your costs of financing. You may not deduct discounts, rebates, referral fees, return costs or any other costs from Gross Sales.

(c) Brand Fund Fee. You shall pay us a monthly "Brand Fund Fee" equal to two percent (2%) of your monthly Gross Sales. The Brand Fund Fee shall be due and payable at the same time as the Continuing Royalty.

(d) Technology Fee. You shall pay us our then-current monthly technology fee ("Technology Fee") at the times and by the methods we may specify from time-to time. You will receive four (4) Heating + Air Paramedics branded email user licenses if you are purchasing your first Franchised Business. If you are purchasing a second or additional territory then Franchisor, in its sole discretion, may waive the Technology Fee for such second or additional territory or territories.

(e) User Licenses. If you are purchasing a second or additional territory, or if you want to purchase more than the licenses issued to you under Section 9(d) for your first Franchised Business, then you must purchase email user licenses from us. You must pay our then-current monthly fees for such licenses.

(f) Additional or Changed Fees or other Amounts. You shall pay to us and any third parties approved by us, the then-current fees for any software, equipment, materials, products, services or other items that you purchase from us or any third party, or that you are required to purchase from us or any third party, or that we or any third party approved by us provides to you, under the System and in accordance with this Agreement. We can change or modify from time to time the equipment, supplies, materials, products, technology or other items that you use in your Franchised Business, and the prices charged for any of such items, and require you to use new items or services in your Franchised Business. You must comply with the foregoing and pay all fees and other amounts for such items or services, whether charged by us or a third party.

(g) Increases. We have the right to increase any fees or other amounts we or our affiliates charge you, excluding the Continuing Royalty and the Brand Fund Fee. However, we will not increase any fee or other amount more than once each calendar year. Except as set forth below, any such increase shall not exceed ten percent (10%) of the then-current fee or other amount for such year. Adjustments are compounded annually and cumulative including increases in any given year of greater than ten percent (10%) to adjust for prior years when no increase was implemented, or an increase of less than ten percent (10%) was made. We will give you thirty (30) days notice of any such changes. The annual adjustment cap discussed above is not applicable to any fee or other amount that is "optional", meaning that it is charged by us or a third party for a service or product that you are not required to purchase under the terms of this Agreement. It also does not apply to fees or other charges where we, or an affiliate, are collecting fees or other amounts on behalf of third-party suppliers. In these situations, we and any third party may increase these fees or other amounts without restriction.

(h) Timing. Unless otherwise stated herein, all fees in this Agreement shall be due and payable beginning with the month in which we determine the Franchised Business has commenced operations in the Territory.

10. Payments.

(a) Electronic Funds Transfer. Franchisee shall remit all amounts due hereunder to Franchisor or its affiliates via electronic-funds transfer/direct debit or such other means as required by Franchisor. You must sign and deliver to us an irrevocable EFT Authorization attached hereto as Exhibit 4 to enable our financial institution to debit your primary bank account in order to pay us all amounts due to Franchisor or its affiliates. Franchisee will, at all times during the term of this Agreement, maintain a balance in its business bank operating account sufficient to allow the appropriate amount to be debited from Franchisee's account for payment of all amounts due hereunder. All costs and expenses, including any resulting from the rejection by your bank of any electronic funds transfer/direct debit, shall be your sole responsibility. The EFT Authorization is irrevocable and shall remain in effect for thirty (30) days following the termination or expiration of this Agreement.

(b) Timing of Payment. The Continuing Royalty, Technology Fee, Brand Fund Fee and Marketing Services Fee are payable on or before the fifteenth (15^{th}) day of each calendar month for the immediately prior month. Any other fees or other amounts owed to Franchisor or its affiliates shall be due and payable at the times and by the methods specified by Franchisor from time-to-time. If the due date of any payment is not a business day, the due date shall be the next immediate business day. If this Agreement is entered into in connection with a renewal of the Franchise or transfer of the Franchised Business, then all fees and other amounts shall be payable beginning as of the Effective Date.

(c) Payment Modifications. Franchisor reserves the right, upon thirty (30) days' prior notice to Franchisee, to change the frequency of payment of any fees or other amounts, including charging and collecting any fees or other amounts weekly or on any other billing cycle rather than monthly or annually, provided that such fee will be prorated based on the number of days in the applicable billing cycle. Franchisor may modify any payment due dates stated in this Agreement in its sole discretion at any time upon thirty (30) days notice to you.

(d) Late Payments; Interest; Partial Payment. If any fee or other payment due under this Agreement is not paid on the date such payment is due, you shall pay interest to us at the rate of the lesser of twelve percent (12%) per annum, or the maximum rate permitted by applicable law, from the date such amounts were originally due until the date paid. Any acceptance of an amount which is less than the full amount due, shall not be considered a waiver of our right to (or your obligation for) the full amount then due, or which may become due in the future.

(e) Advances; No Setoff. Franchisee shall pay us all amounts, if any, advanced by Franchisor or which Franchisor has paid, or for which it has become obligated on Franchisee's behalf for any reasons whatsoever, promptly upon Franchisor's notice to Franchisee of such amounts being due and payable. Franchisee shall not withhold or escrow any amounts due to Franchisor under this Agreement or otherwise or setoff any such amounts against any amounts claimed to be due to Franchisee.

(f) Taxes. If any withholding, sales, excise, use, or privilege tax is imposed or levied by any government or governmental agency on account of any amounts payable under this Agreement, Franchisee shall pay to Franchisor as an additional fee, a sum equal to the amount of such tax (but this provision shall not apply to any income taxes imposed upon Franchisor).

11. Advertising and Promotion.

(a) Local Advertising. You must advertise and market the Franchise within the Territory. You must submit advertising and marketing materials to us for review and approval. You must utilize the Licensed Marks in your advertising and marketing materials only in accordance with our standards and specifications. Upon request, we will design, develop and produce your advertising and marketing materials. We may charge you for the costs of design, development and production as we deem appropriate. All franchisees that operate in the same market area may be required to use a common toll-free telephone number in their advertising media.

(b) Minimum Advertising Spend. You must spend a minimum of Six Thousand, Five Hundred Dollars ($6,500) per month to advertise and market the Franchise within the Territory. We may approve you to spend a different amount on advertising and marketing within the Territory based on the success of your Franchised Business and the quality of your advertising and marketing program. We must approve the form and content of all of your advertising.

(c) No Requirement. We have no obligation to advertise your Franchise, the System, the licensed Marks or otherwise.

(d) Internet Presence. Franchisor will establish an Internet Presence that it determines to promote the Franchised Business within the Territory. Franchisor shall have the sole right to perform any website development or maintenance services with respect to this Internet Presence and Franchisee shall use no other party for such services, unless otherwise approved by Franchisor. Franchisee shall, upon request by Franchisor, provide content for the Internet Presence, which may include contact and address information, hours of operation, fees, photos, video, social media posts, and such other information about the products and services offered through the Franchised Business as Franchisor may require. Franchisor must approve any and all changes to content provided by Franchisee and the Internet Presence for the Franchised Business shall contain only such information as Franchisor may approve from time to time. Other than the Internet Presence established by Franchisor, Franchisee shall not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any other Internet Presence, making reference to Franchisor, the System, the Licensed Marks or the Franchised Business, unless otherwise approved by Franchisor. An "Internet Presence" includes any domain name, URL, website, webpage, landing page, portal, HTML document, online directory, online business profile, review and opinion page or site, social media or social networking site, profile, avatar, account or username, control panel, administrative platform, intranet, JotForm or other form or method of digital or electronic medium or method of communication.

i. Franchisee may not use all or part of any of the Licensed Marks, or any similar name, word, symbol, or variant thereof, in a domain name, email address, account name, username, profile, or URL. Franchisor will retain sole ownership of any Internet Presence, as well as any domain name related thereto

and all content thereon, which includes all or a portion of any of the Licensed Marks, or any word, phrase, or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, profile, or page reference.

ii. Franchisor reserves the right at any time, in its sole discretion, to require Franchisee to remove, delete, or modify any Internet Presence, or any information, content, or post thereon.

iii. Upon request, Franchisee must provide Franchisor with all passwords and access to any Internet Presence.

iv. Franchisor is the sole supplier of support and management services for any Internet Presence including websites, business profiles and review platforms, that Franchisor approves Franchisee to maintain, and Franchisee shall pay all fees and other amounts charged by Franchisor for these services.

(e) Photos and Videos. Franchisor shall have the right to take photographs and videos of the Franchised Business and associated signage and to use such photographs and videos in any advertising or promotional material, in any form or medium now existing or later developed. Franchisor may use the foregoing without providing notice to Franchisee or receiving Franchisee's consent, and Franchisor shall not be obligated to make attribution or to compensate Franchisee for use of the foregoing. Upon the request of Franchisor, Franchisee shall cooperate with Franchisor in taking and arranging for such photographs and videos and for obtaining the necessary consents of or assignments from individuals depicted in or involved in such photographs or videos. Franchisee irrevocably assigns to Franchisor all of its right, title, and interest, if any, in and to all such photographs and videos, together with all related intellectual property.

(f) Satisfaction/Surveys. Franchisee shall participate in all customer satisfaction programs Franchisor requires, including any customer surveys and shall provide Franchisor with such assistance and information as reasonably required by Franchisor in connection with such programs and surveys.

(g) Social Media Prohibitions. Franchisee acknowledges that Franchisor may also impose prohibitions on Franchisee's posting or blogging of comments about Franchisor, the Franchised Business, the System, or other franchisees. The foregoing prohibition includes personal blogs, common social networks like Facebook, Instagram, TikTok, X (formerly Twitter), Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live- blogging tools like X (formerly Twitter) and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools.

(h) Brand Fund. The Brand Fund is administered by us. We may use Brand Fund Fees and any other amounts contained in the Brand Fund for any purpose that promotes the Licensed Marks or any other names we choose to use in the Heating + Air Paramedics System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance, including salaries, and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Brand Fund to pay for coaching and training for our franchisees in marketing, advertising, recruiting and sales. We will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house.

(i) Use of Brand Fund. We solely determine how monies in the Brand Fund are spent. We may collaborate with the advertising and marketing funds of certain franchise systems affiliated with us. There can be no assurance that the Brand Fund's participation in these collaborations and joint efforts will benefit you or other Heating + Air Paramedics franchisees proportionately or equivalently to the benefits received by you or the other franchised businesses or the other franchised systems affiliated with us that also participate. We are not obligated to make proportionate expenditures of your contributions per market area or otherwise. We do not guarantee that expenditures from the Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We may, but have no obligation to, loan amounts to the Fund and can determine the repayment obligation of the Fund, including interest rate of the loan and repayment terms, as we see fit. If any taxes become due based upon the activities of the Brand Fund, these taxes may be paid out of the funds in the Brand Fund. We reserve the right to terminate the Fund after all monies have been spent.

12. Inspections, Audit Reports and Records.

(a) Books and Records; Financial Reports. Franchisee shall maintain its books and records in the manner reasonably required by Franchisor. Franchisee shall provide Franchisor with such operational, financial, and sales information relating to the Franchised Business as from time to time may be required by Franchisor. All such information shall be delivered to Franchisor, at the time, in the form and by the means of communication authorized by Franchisor. Franchisee shall provide to Franchisor such monthly and/or annual financial reports as Franchisor may specify. Franchisor may use all information, including financial and sales information, in any manner and for any purpose it, in its sole discretion, deems appropriate. Franchisor has the right to share any such financial information and other information Franchisee provides to Franchisor with other of its franchisees, governmental authorities or otherwise and to publicly disclose and include Franchisee's financial information in Franchisor's franchise disclosure document. Franchisee, and its owners, shall also submit to Franchisor, upon request, copies of their annual income and sales tax returns, if any.

(b) Audit Rights. Franchisor shall have the right to audit or cause to be audited the Monthly Gross Sales Statement, sales reports and financial statements delivered to Franchisor, and the books, records, and sales and income tax returns of Franchisee, and Franchisee's owners. If any audit discloses that Franchisee has failed to pay to Franchisor any amounts owed to Franchisor based upon an understatement of Gross Sales or otherwise, then Franchisee, within fifteen (15) days of receipt of the audit report, shall pay to Franchisor the amounts due Franchisor, plus late payment charges from the due date at the maximum rate permitted by law, not to exceed one and one-half percent (1 ½%) per month. In addition, if an understatement for any period equals two percent (2%) or more of the Gross Sales of the Franchised Business for any period, Franchisee shall reimburse Franchisor for the cost of the audit, including the charges of any independent accountant and the travel expenses, room and board, and compensation of persons retained by Franchisor to make the audit.

(c) Inspection Rights. Franchisee shall permit Franchisor and its representatives, whenever Franchisor reasonably may deem necessary, during normal business hours, to enter, remain on, and inspect the Franchised Business. Franchisor and its representatives may also, without notice to Franchisee, interview and survey customers of the Franchised Business. We retain the right to utilize an on-line computer monitoring system, and to use the on-line system to remotely monitor and examine your records pertaining to the operation of the Franchised Business. Notwithstanding the foregoing, Franchisor reserves the right, without notice to Franchisee, to independently access the Franchised Business' accounting and financial systems and data or any accounting or financial systems used or required by Franchisor for the System to determine Gross Sales and amounts due to Franchisor under this Agreement, and Franchisee shall grant Franchisor access to all such accounting and financial systems and data.

(d) Ownership of Information. All information Franchisor obtains from Franchisee or about or related to the Franchised Business (collectively, the "Information"), and all revenues Franchisor derives from such Information, shall be Franchisor's property, excluding any employment records (which shall belong solely to and be the responsibility of Franchisee). Franchisee may use information that it acquires from third parties in operating the Franchised Business at any time during the Term of the Agreement to the extent lawful and at its sole risk and responsibility, but only in connection with operating the Franchised Business for the purposes hereunder. The Information (except for information Franchisee provides to Franchisor with respect to it and its affiliates) shall become the confidential information of Franchisor, which Franchisor may use for any reason it deems necessary or appropriate. Franchisee recognizes and agrees that between Franchisee and Franchisor, Franchisor owns all rights to and all interest in and to any data, whether customer data, click-stream data, user data, reviews or otherwise, hits or other information collected via any electronic medium or method of communication, including via a website, home page, HTML document, Internet site, online directory, web page, or social media or social networking site, or application, whether web-based or otherwise, related to the System or the Licensed Marks. Such information is deemed by Franchisor to be and constitutes its confidential information.

13. Insurance.

(a) Minimum Requirements. You shall purchase and maintain, at your sole expense, insurance in amounts and with coverages that strictly meet our then-current minimum standards and specifications. You shall purchase such insurance from an A-rated carrier. You shall name us as an additional insured under all insurance policies, except for worker's compensation and employer liability policies. Your insurance shall include, but not be limited to, coverage for commercial loss, liability, fire, auto, personal injury, death, property, theft, cybersecurity, workers' compensation and employment claims.

(b) Proof of Coverage. You shall provide us with proof of coverage in the form of a certificate of insurance demonstrating the required coverages and minimum limits both before the Franchise begins operation and on an annual basis thereafter upon our request.

(c) Coverage Lapse/Failure. If you are uninsurable, or if you refuse to obtain insurance or to obtain adequate insurance, or if you allow the insurance to lapse or expire we shall have the right to immediately terminate this Agreement.

14. Termination of the Franchise.

(a) Cure Opportunity. Except as described below, and subject to applicable state law, if you breach any term or condition of this Agreement, or any exhibit or ancillary document related hereto, we may, without waiving our rights, offer you an opportunity to cure such default. If you fail to cure any default within the time period prescribed by us, we may terminate this Agreement without further notice to you.

(b) Immediate Termination. The following events of default constitute good cause for immediate termination of this Agreement without prior notice or an opportunity to cure:

i. You are determined by us to have willfully understated your Gross Sales by three percent (3%) or more in any given month.

ii. You fail to obtain our approval of a temporary location for the operation of your Franchise or open the Franchise for business, in either case within one hundred twenty (120) days of the Effective Date.

iii. Any of your required attendees fail to complete the Initial Training Program within the time set forth in this Agreement.

iv. You fail to obtain our approval for, and lease or purchase and occupy a permanent commercial location for your Franchise that we have approved within one (1) year of the Effective Date.

v. You fail to pay to us or any of our affiliates any amounts owed to us or them within ten (10) days of the date when such payment is due.

vi. You make, or have made, any materially false statement or report to us in connection with this Agreement or your application to purchase the Franchise, or with respect to the ownership or operation of the Franchise.

vii. You transfer or assign the ownership of the Franchisee, or ownership of the Franchise, or your rights and obligations under this Agreement, without our express written consent given in accordance with the terms of this Agreement.

viii. You receive from us three (3) or more notices of default or breach of this Agreement during the Term, regardless of whether such defaults are subsequently cured.

ix. You, or any person owning any interest in the Franchise, are convicted of a felony, a crime of moral turpitude or a crime or offense relating to the operation of the Franchise.

x. You become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by you, or such a petition is filed against you and is not dismissed within thirty (30) days after filing thereof, or if a bill in equity or any other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you, or if a receiver or the custodian (permanent or temporary) of your assets or property, or any part thereof is appointed.

xi. You fail to comply with any law or regulation applicable to the operation of the Franchise.

xii. You fail to obtain and maintain the necessary business or individual permits, licenses and certifications required for the operation of the Franchise.

xiii. You violate any covenant of confidentiality or non-disclosure in this Agreement or otherwise disclose, use, permit the use of, copy, duplicate, record, transmit or otherwise reproduce any Confidential Information without our prior written approval.

xiv. You sell or offer for sale any products or services not approved by us, or you purchase Goods and Services from an unapproved source, or you violate the terms or conditions of our agreements with any Approved Sources.

xv. You, by action or omission or through statements on social media or through your private actions or public statements, impair or damage the goodwill or reputation of the System, or damage the goodwill or reputation of us or impair or damage the goodwill or value of the Licensed Marks.

xvi. You fail to operate the Franchise in strict accordance with our standards and specifications.

xvii. You infringe or misuse the Licensed Marks.

xviii. You violate the non-competition provisions of this Agreement.

xix. You abandon, vacate, desert, surrender, or otherwise cease operation of all or any part of the Franchise for a period of three (3) consecutive days without our express written consent.

xx. You fail to purchase and maintain insurance meeting our requirements.

xxi. You otherwise breach this Agreement or any other agreement with us or an affiliate and do not cure such breach within thirty (30) days of receipt from us of a notice of breach.

15. Post-Termination Obligations of Franchisee.

In the event of termination or expiration of this Agreement you shall either immediately or within the time limits established by us take the following actions:

(a) Cessation. Franchisee will immediately cease to use, in any manner or for any purpose, the Licensed Marks and the System, concepts, and methods of promotion, or to conduct business using any and all confidential information and know-how owned by us, or using any good will created by or associated with the Licensed Marks. Franchisee will remove all signs, de-brand all vehicles, cancel all advertisements, and destroy all advertising or marketing materials, whether or not utilizing the Licensed Marks.

(b) Covenants. Franchisee will immediately comply with, observe and abide by all terms of this Agreement which are intended to survive the expiration or termination of this Agreement, including any non-competition, non-solicitation and confidentiality covenants.

(c) No Association. Franchisee will immediately cease to indicate in any manner, directly or indirectly, that it is or ever was affiliated with Franchisor in any capacity, identify itself or any business as a member of the System, or as otherwise associated with Franchisor.

(d) Payment of Fees. Franchisee will immediately pay to Franchisor and its affiliates, all amounts payable under this Agreement including, but not limited to Continuing Royalty, Brand Fund Fees, Technology Fees and any other charges or other amounts as have or will thereafter become due under this Agreement.

(e) Damages. Upon termination for any default by you, you shall pay us actual and consequential damages, costs and expenses (including reasonable attorneys' and experts' fees) incurred by us as a result of your default. We shall have the right to place a lien against any and all of the real property, personal property, furnishings, equipment, signs, fixtures and inventory owned by you or the Franchised Business at the time of default and/or against any of your monies held or otherwise in our possession.

(f) Manuals and other Materials. Franchisee will immediately return to us all Manuals, trade secrets, proprietary information and confidential material, equipment and other property owned by us and all copies thereof.

(g) Cancellation. Franchisee will, immediately take such action as may be required to properly cancel or change all corporate, business, or other legal names and assumed name, fictitious name or equivalent registrations relating to the use of or containing any of the Licensed Marks, and notify the telephone company, any domain name registrar, any Internet service provider, and all listing agencies of the expiration or termination of Franchisee's right to use any domain names, profiles, accounts, user names, telephone numbers, and classified and other directory listings associated with any Internet Presence, or that include any portion of the Licensed Marks, and authorize the telephone company, domain name registrars, Internet service providers, and listing agencies to transfer to Franchisor all such telephone numbers, registrations, profiles, accounts, and directory listings, along with access thereto. Franchisee acknowledges

that, as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers, directory listings, domain names profiles, user names, and accounts associated with the Licensed Marks, or any word, phrase or symbol confusingly similar to any of the Licensed Marks, including any Internet Presence, as well as any content thereon. Franchisee authorizes Franchisor, and appoints Franchisor its attorney-in-fact, to direct the telephone company, domain name registrars, internet service providers, and all listing agencies to transfer telephone numbers, domain names, accounts and listings to Franchisor, as well as provide access to Franchisor to any such account or registration.

(h) Additional Action. In addition to those actions described in subsection (a), we may require you to take the following actions:

i. sign a termination agreement;

ii. assign to us the collection of your then-current accounts receivable from the Franchise.

16. Franchisor's Option to Purchase Assets.

We shall have the option, but not the obligation, within thirty (30) days after the date of termination or expiration of this Agreement to purchase any and all of your operating assets from the Franchised Business at a purchase price equal to net depreciated book value. If we elect this option, we will deliver written notice to you. We have the right to inspect the equipment at any time during this thirty (30) day period. If we elect to purchase equipment as part of the asset purchase, we will be entitled to, and you must provide, all customary warranties and representations as to compliance with law, the maintenance, function, and condition of the equipment and your good title to the equipment (including, but not limited to, that you own the equipment free and clear of any liens and encumbrances).

17. Transfer, Sale and Assignment.

(a) Scope. Neither this Agreement, the Franchise or Franchised Business, nor any part of any ownership in you (which shall mean and include voting stock, securities convertible thereto, proprietorship, membership rights and general partnership interests), or all or a substantial portion of the Franchised Business may be voluntarily or involuntarily, directly or indirectly assigned, sold, or otherwise transferred or encumbered by you or any of your owners (including without limitation, by will, by declaration of or transfer in trust or by the laws of intestate succession) except as provided herein, and any such assignment, transfer or encumbrance without our approval constitutes a material breach of this Agreement.

(b) Franchisor's Right of First Refusal. If you receive from a third party, and desire to accept, a bona fide written offer to purchase you, your Franchised Business, the Franchise or any interest in you or the Franchised Business (or seek to effect a sale of any of the foregoing), we shall have a right of first refusal, exercisable by written notice to you furnished within thirty (30) days after written notice and receipt of a copy of such offer and the other information set forth in this Section, to purchase you, the Franchised Business, the Franchise or any interest in you or the Franchised Business, on the same financial terms and conditions as offered to or by such third party; provided further that we may substitute cash for any other form of payment proposed in such offer. In order that we may have information sufficient to enable us to determine whether to exercise our right of first refusal, you shall deliver to us, to the extent requested by us, certified financial statements as of the end of your most recent fiscal year, any financial statements prepared by or for you since the end of such fiscal year and such other information about the Franchised Business and its operations as you have provided or will make available to such third party. If we do not exercise our right to purchase, you may, within ninety (90) days from the expiration of the option period, close the proposed transfer, provided we have consented to such transfer as required. If you fail to close such transfer within this ninety (90) day period, it shall trigger a new right of first refusal period. Failure by

us to exercise the option afforded by this Section shall not constitute a waiver of any other provisions of this Agreement, including all of the requirements of this Section 17, with respect to the proposed transfer.

(c) Administrative Transfer.

This Agreement may be assigned to a business entity wholly owned by you (the "Corporate Franchisee"), provided that:

i. you or your majority owner actively manage the Corporate Franchisee and continue to devote best efforts and full and exclusive time to the day-to-day operation and development of the Franchise and the Franchised Business;

ii. the Corporate Franchisee is newly organized, and its activities are confined exclusively to acting as Franchisee under this Agreement;

iii. you provide all documentation and information requested by us concerning the Corporate Franchisee;

iv. the Corporate Franchisee executes a document in such form as shall be approved by us, in which it agrees to become a party to, and be bound by, all the provisions of this Agreement;

v. you remain personally liable in all respects under this Agreement and execute a Guaranty Agreement, a copy of which is attached as Exhibit 2 hereto by which you personally guarantee all obligations of the Corporate Franchisee under this Agreement;

vi. any and all shareholders, directors, officers, members, partners and managers of the Corporate Franchisee each execute a Guaranty Agreement, a copy of which is attached as Exhibit 2 hereto, by which such shareholders, directors, officers, members, partners, managers or other owners personally guarantee all obligations of the Corporate Franchisee under this Agreement and agree to be bound individually by all the obligations of Franchisee hereunder;

vii. you and any owners of the Corporate Franchisee agree not to sell, assign, pledge, hypothecate, mortgage or otherwise transfer or encumber any ownership interest in the Corporate Franchisee; and

viii. equity certificates and documents shall note in a legend sufficient under applicable law to constitute such notice that ownership in the Corporate Franchisee is subject to the terms of this Agreement.

(d) Permitted Transfer. We will not unreasonably withhold our consent to a transfer, provided you meet the following conditions:

i. You must pay all amounts owed to us on or immediately before the date of the transfer; and

ii. The proposed transferee must demonstrate to our satisfaction that it has the financial resources to successfully operate the Franchise; and

iii. You, and the proposed transferee, purchaser or assignee, must enter into our then- current Conditional Consent to Transfer Agreement and satisfy all terms and conditions thereof; and

iv. You must pay us a transfer fee of twenty-five percent (25%) of the then-current Initial Franchise Fee if your request for Transfer is approved. You may, without our written approval, assign the obligation to pay the transfer fee to the transferee, purchaser or assignee; and

v. The transferee, including all shareholders, members and partners of the transferee, shall jointly and severally execute a new franchise agreement with Franchisor, on the terms then offered by Franchisor to new franchisees, except that all pre-opening obligations of the parties, other than the transferee's obligation to complete the Initial Training Program to Franchisor's satisfaction, shall be waived, including the obligation of the transferee to pay a new initial franchise fee; and

vi. If the transferee is a corporation, limited liability company or partnership, each stock or membership certificate, or the partnership agreement, shall have conspicuously endorsed upon it a statement that it is held subject to, and further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement; and

vii. If the transferee is a corporation, partnership, or limited liability company, no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent; and

viii. If the transferee is a corporation, limited liability company or partnership, all the shareholders, members, or partners of the transferee shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement.

(e) No Subfranchise Rights. You may not grant a sub-franchise to any person or entity whatsoever.

18. Assignment by Franchisor.

This Agreement is fully assignable by us and shall inure to the benefit of any assignee or other legal successor to our interest. Franchisee expressly affirms and agrees, that we may sell our assets, our Licensed Marks or the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buy-out or economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Licensed Marks (of any variation thereof) and/or the loss of association with or identification of "PHP Franchise, LLC" as franchisor under this Agreement.

19. Modification of the System.

You recognize and agree that from time to time we may change or modify the System and our business in any manner including, but not limited to, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs and systems, new types or brands of products or services, new equipment requirements or new techniques and that you will accept, use and display for the purpose of this Agreement any such changes in the System, as if they were part of this Agreement at the time of execution. Whenever we have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment

of what is in our best interests, including without limitation our judgment of what is in the best interests of the System, at the time our decision is made or our right or discretion is exercised. You will make such expenditures for such changes or modifications in the System as we may reasonably require. You shall not change, modify or alter in any way any material aspect of the System, without our prior written consent.

20. Death, Disability or Permanent Incapacity of the Franchisee.

(a) Death and Disability. In the event of your death or permanent disability or that of any person with a controlling interest in the Franchisee, the executor, administrator, or personal representative of that person (the "Representative") shall work with us to ensure that not later than one hundred and eighty (180) days after such death or permanent disability, a suitable transferee has been identified and a transfer of control or a transfer of the Franchise under Section 17 has been completed. The term "permanent disability" shall mean a mental, physical or emotional disability, incapacity, impairment, or condition that is reasonably expected to prevent or actually does prevent you (or an owner controlling you) from supervising the management and operation of the Franchise for a period of one hundred and twenty (120) days from the onset of such disability, incapacity, impairment or condition.

(b) Notification. Immediately upon receiving notice of an event of death or permanent disability, the Representative will notify us and take all reasonable steps necessary to ensure the continued operation of the Franchise, including the appointment of a manager approved by us.

(c) Sale of Interest. If control of the Franchise has transferred through a devise or inheritance by operation of law, and if the heirs or beneficiaries of any deceased person are unable to fully satisfy the conditions contained in this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time, in our sole discretion, to dispose of the deceased's interest in the Franchise in accordance with Section 20 of this Agreement.

(d) Failure to Transfer. If the Franchise is not transferred in accordance with Section 20(a) we may terminate this Agreement without further notice to you.

21. Covenants of Non-Disclosure, Non-Solicitation and Non-Competition.

(a) Covenant Parties. Franchisee and its supervisors, shareholders, directors, officers and guarantors (the "Covenant Parties") specifically acknowledge that they will receive valuable specialized training, trade secrets, and confidential information, including, without limitation, information regarding the management, operations, marketing, advertising, and related information, materials, methods and techniques of ours and the System which are beyond their present skills and experience, and that the value of this information arises not only from the time, effort and money that went into its compilation but also from its usage by all franchisees. The Covenant Parties acknowledge that such specialized training, trade secrets, and Confidential Information provide a competitive advantage and will be valuable to them in the operation of the Franchise, and that gaining access to such specialized training, trade secrets, and Confidential Information is therefore a primary reason why Franchisee is entering into this Agreement. You understand and agree that the restrictions contained in this Section are reasonable and necessary to protect our legitimate business interests.

(b) Non-competition. In consideration for the benefits described in Section 21(a), the Covenant Parties agree that:

i. During the Term they will not, directly or indirectly, for themselves or through or on behalf of or in conjunction with any person, partnership, corporation or other business entity:

(a) solicit, divert or attempt to solicit or attempt to divert any business or customer of the Franchise to any competitor, by direct or indirect inducement or otherwise; or

(b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered by Franchisor.

ii. For a period of eighteen (18) months after the Term, within the Territory, including from the facility of the Franchise, and any immediately adjacent territories licensed to other Heating + Air Paramedics franchisees, they will not, directly or indirectly, for themselves or through or on behalf of or in conjunction with any person, partnership, corporation or other business entity:

(a) Solicit, divert or attempt to solicit or attempt to divert any business or customer of the Franchise to any competitor, by direct or indirect inducement or otherwise; or

(b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered by Franchisor.

(c) No Limitation. The Covenant Parties expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, you acknowledge that enforcement of the covenants made in this Section will not deprive any Covenant Parties of personal goodwill or the ability to earn a living.

(d) Reformation. It is the express intention of the parties to this Agreement to comply with all laws applicable to the covenants contained in this Agreement. If any of the covenants contained in this Section are found to exceed in duration, geography or scope those permitted by applicable law, the parties expressly agree that such restrictive covenant may be reformed or modified by the final judgment of a court of competent jurisdiction or other lawful constituted authority to reflect a lawful and enforceable restriction, whether in duration, geography or scope, and that the covenants contained in this Section shall automatically be deemed to be amended and modified so as to comply with the judgment or order of such court or authority to the maximum extent permitted. If any one or more of the provisions contained in this Section shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if it never contained such invalid, illegal or unenforceable provisions.

(e) Conclusive Violation. You agree that, if any Covenant Parties engage as an owner, member, partner, shareholder, officer, consultant, agent, operator, or in any managerial capacity in any similar business, it shall be conclusively presumed as a violation of the terms of this Section and Section 8 as an improper utilization of our Confidential Information and Section 7 as an infringement of the Licensed Marks.

(f) Survival. The provisions of this Section shall survive any termination or expiration of this Agreement.

22. Spousal Agreements.

Your spouse or domestic partner (and if you are a business entity, then the spouses or domestic partners of all shareholders, members, or partners) shall execute Confidentiality and Non-Competition Agreements in a form approved by us, at the time of the signing of this Agreement. The Confidentiality and Non-Competition Agreement shall prohibit spouses or domestic partners from disclosing or using any trade secrets, customer lists or other information, knowledge or know-how deemed confidential or proprietary by us concerning the System or the operation of Franchise and from competing with us during the Term and for eighteen (18) months following termination or expiration of this Agreement to the extent of the restrictions set forth in this Agreement.

23. Waiver of Jury Trial, Estoppel, Continuation, Interpretation.

(a) Waiver of Jury Trial. The parties irrevocably waive their right to a trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party. You and we acknowledge that this waiver of jury trial rights provides the parties with the mutual benefit of uniform interpretation of this Agreement and resolution of any dispute arising out of this Agreement and any aspect of the parties' relationship.

(b) Collateral Estoppel. The parties agree to settle, mediate, litigate, arbitrate, or compromise disputes with third parties, without having the disposition of such disputes directly affect the contract or relationship between them. The parties therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of us is not a party will not in any manner prevent the other party from making similar arguments, or taking similar positions, in any subsequent action between them or between us and any other franchisee. The parties therefore waive the right to assert that principals of collateral estoppel prevent either of us from raising any claim or defense in an action between them as a result of one of them having lost a similar claim or defense in another action.

(c) Continued Obligations. Any provision of this Agreement, which contemplates performance of any party following termination of this Agreement or expiration of the Term, including, but not limited to, the non- competition, confidentiality and indemnification provisions of this Agreement, will survive such termination or expiration.

(d) Interpretation. Should any provision of this Agreement require judicial interpretation, the parties agree that the court interpreting or construing the provision will not apply the assumption that any of the terms of this Agreement will be more strictly construed against the party preparing the Agreement. Accordingly, you specifically acknowledge that: (i) we advised you to obtain legal counsel to review this Agreement, (ii) you obtained all professional advice that you believe necessary for your full understanding of the terms of this Agreement and the consequences of those terms, and (iii) you are entering into this Agreement intentionally and voluntarily and with full knowledge of its terms and conditions.

24. Binding Arbitration.

(a) Scope of Arbitration. This Agreement is subject to the terms and provisions of the Federal Arbitration Act, Title 9, of the United States Code. Except as set forth below, any and all other controversies or claims whatsoever arising out of or relating to this Agreement or to any ancillary agreement between the parties or with regard to their interpretation, formation or breach, shall be settled by binding arbitration according to the commercial rules of the American Arbitration Association as hereinafter provided.

(b) Negotiation and Mediation. Prior to submitting any claim or dispute to arbitration, you shall give notice thereof to us setting forth in reasonable detail the nature and basis of the claim or dispute.

The parties shall then seek to negotiate and resolve the dispute by direct negotiation between you and us over a period of not less than thirty (30) days. If the dispute is not resolved directly by the parties, the parties shall then submit the dispute to mediation with an independent mediator agreed upon by the parties within another thirty (30) days unless the parties agree to forego mediation. Each party will bear their own costs and fees of the mediation; however, the mediator's fee will be split equally between the parties. The mediation shall be held in the city where our principal office is located at the time of the mediation.

(c) Arbitration. If the dispute is not resolved through negotiation or mediation, either party may send written notice to (1) the other party, and (2) the Regional Office of the American Arbitration Association in or closest to the location of our principal offices at that time invoking the binding arbitration provisions of this Subsection. Any arbitration shall be conducted in the city or town in which our principal offices are located before a single arbitrator located within the state in which we are located who has been actively engaged in the practice of law for at least ten (10) years and has franchise law experience. If the parties cannot agree upon an arbitrator, the arbitrator shall be selected in accordance with the American Arbitration Association rules. Prior to the commencement of hearings, the arbitrator shall provide an oath of undertaking of impartiality. The award of the arbitrator shall be final. The parties' further consent to the jurisdiction in any appropriate court to enforce the provisions of this Section and/or to enter a judgment upon any award rendered by the arbitrator. The costs and expenses of arbitration, including the prevailing party's attorney's fees and costs and the compensation and expenses of the arbitrator, shall be borne by the non-prevailing party.

(d) Individual Parties. In the event that any such controversy or claim arising from this Agreement involves any of your officers, directors, shareholders, employees, representatives or agents, then any such controversy or claim shall also be submitted to binding arbitration in the same manner as set forth above. In the event any controversy or claim is submitted to binding arbitration as set forth above, the parties hereto agree that discovery prior to arbitration shall be restricted solely to exchanging lists of those witnesses and documents which may be presented at the hearing before the arbitrator, unless the parties otherwise mutually agree in writing to expand the scope of discovery.

(e) Limits on Arbitrator. In proceeding with arbitration and in making determinations hereunder, the arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by us in good faith. If an arbitrator determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then the parties agree to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. In the event that either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear.

(f) Exclusions. Despite any language herein to the contrary, we expressly reserve the right, at our sole and exclusive discretion, to seek injunctive relief from a court of competent jurisdiction to: (1) enforce our rights to terminate this Agreement, (2) enforce your post-termination covenants, including the non-competition covenants, (3) enjoin the disclosure of or improper or unauthorized use of our Confidential Information including, but not limited to, the Manuals, customer lists, Licensed Marks, (4) enforce our right to binding arbitration, (5) enjoin you from any existing or threatened conduct, pending completion of the above-noted binding arbitration, which we reasonably believe could cause any harm or damage to us or to the System (6) for any other reason we, in our sole discretion, deem necessary to prevent you from irreparably damaging the System. In the event we file a lawsuit to seek injunctive relief as hereinabove provided, such action shall not constitute, nor be deemed to constitute, a waiver by us of our right to invoke

the binding arbitration provisions of this Agreement. If we seek injunctive relief, it shall not be deemed or construed as a waiver by us of our right to invoke the binding arbitration provisions of this Agreement.

(g) Jurisdiction. With regard to all claims brought under Subsection 24(f), you further agree as follows:

i. You consent and agree that in all lawsuits relating to or arising out of this Agreement or any ancillary agreement, the state and federal courts of competent jurisdiction located in Cleveland, Ohio, shall have personal jurisdiction over you, or if venue does not lie in such courts, then a court of competent jurisdiction within Cuyahoga County, Ohio shall have jurisdiction over you. You hereby waive any defense you may have of lack of personal jurisdiction or improper venue in any such lawsuits filed in these courts. Notwithstanding the above, we may bring a claim for injunctive relief in the county in which Franchisee has its principal office or is domiciled, as applicable;

ii. All lawsuits filed by you against us (whether in breach of the arbitration provisions of this Agreement or not) relating to or arising out of this Agreement or any ancillary agreement shall be required to be filed in one of these courts. Lawsuits filed by us against you may be filed in any of these courts or in any court in which jurisdiction and venue are proper; and

iii. In all lawsuits related to or arising out of this Agreement, you consent and agree that you may be served with process outside of Ohio in the same manner of service that may be made within Ohio by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction. You hereby waive any defense you may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

(h) Class/Mass Action Waiver. We and you agree that the arbitration of any disputes between us and you or any other proceeding shall be conducted on an individual basis and not a class-wide, multiple plaintiff or similar basis and that such disputes shall not be consolidated with the arbitration of any other disputes which might arise between us and any other System franchise owners.

(i) Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, or the United States Arbitration Act (9 U.S.C. § 1 et seq.), this Agreement, and the franchise rights granted herein shall be governed by and construed in accordance with the substantive laws of the State of Ohio without application of its conflicts of law rules; provided, however, that if the Franchisee is not a resident of the State of Ohio, or if the Franchisee is a corporation, limited liability company, or partnership that is not organized or incorporated under the laws of the State of Ohio, and in either case the Franchised Business is not located in the State of Ohio, the parties hereby waive the application of the Ohio Business Opportunity Plans Act (Ohio Revised Code § 1334.01 et seq.), to the extent permitted by law. If any provision, or portion hereof in any way contravenes the laws of any state or jurisdiction where this Agreement is to be performed, such provision, or portion thereof, shall be deemed to be modified to the extent necessary to conform to such laws, and still be consistent with the parties' intent as evidenced herein.

(j) Sole Recourse; Claims. You agree that the sole recourse for claims arising between the parties shall be against us or our successors and assigns. You agree that our shareholders, members, managers, directors, officers, employees and agents and those of our affiliates shall not be personally liable nor named as a party in any action or arbitration between you and us. The parties further agree that, in connection with any such proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding

as the claim to which it relates. Any such claim that is not submitted or filed as described above shall be forever barred. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. Any arbitration award will have a binding effect only on the actual dispute arbitrated and will not have any collateral effect on any other dispute whatsoever, whether in litigation, arbitration, mediation, or other dispute resolution proceeding.

YOU EXPRESSLY ACKNOWLEDGE THAT YOU HAVE READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND SPECIFICALLY AFFIRM THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS, OR UNDUE INFLUENCE ON THE PART OF US OR ANY OF OUR AGENTS OR EMPLOYEES.

25. Indemnification.

(a) Franchisee Indemnification. You agree at all times to defend at your own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us, our affiliates, successors, assigns and designees, and the respective directors, members, managers, officers, employees, agents, shareholders, attorneys, designees, and representatives of each (us and all other hereinafter referred to collectively as "Indemnitees") from all losses and expenses (as hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon your operation of the Franchised Business and exercise of your rights under this Agreement, including without limitation any of the following: (i) your infringement or alleged infringement of, or any other violation or alleged violation of, any patent, trade or service mark or copyright or other proprietary right owned or controlled by third parties; (ii) your alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; any act, errors or omissions of you or any of your agents, servants, employees, contractors, partners, proprietors, affiliates or representatives; (iii) the inaccuracy, lack of authenticity or nondisclosure of any information by you to any customer of the Franchised Business; (iv) any services or goods provided by you or any affiliated or non-affiliated participating entity, or any failure to pay for the same; (v) any action arising from an alleged violation of a labor or employment law; (vi) any action by any customer of the Franchised Business, and, any damage to the property of you or us, our or your agents or employees, or any third party, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused in part through the active or passive negligence of us or you or any of us or your respective agents or employees, or resulted from any strict liability imposed on us or you or any of our or your respective agents or employees. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the Franchised Business.

(b) Losses and Expenses. For the purpose of this Section, the term "losses and expenses" shall be deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing same, and any and all expenses of recall refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

(c) Notification. You agree to give us written notice of any such action, suit, proceeding, claim, demand, investigation or inquiry that could be the basis for a claim for indemnification by any Indemnitees within three (3) days of your actual or constructive knowledge of it. We may elect to undertake the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that we will seek your advice and counsel, and shall keep you informed, with regard to any such proposed

or contemplated settlement(s). Such an undertaking by us shall in no manner or form diminish your obligation to indemnify us and to hold us harmless. Alternatively, we may make arrangements with you for your defense and/or settlement of such matter and you shall pay all costs thereof and shall provide full indemnification to us with respect to any judgment or settlement as provided in Section 25(a).

(d) Settlement Rights. In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, as we deem appropriate, at any time and without notice, offer, order, consent or agree to settlements or take such other remedial or corrective actions as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry, or investigation if, in our sole judgment, there are reasonable grounds to believe that:

i. any of the acts or circumstances enumerated in this Section have occurred, or

ii. any act, error, or omission of you may result directly or indirectly in damage, injury or harm to any person or property.

(e) Hold Harmless. All losses and expenses incurred under this Section shall be chargeable to and paid by you pursuant to your obligations of indemnity under this Section regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity or defense. Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom you may contract, regardless of the purpose. You shall hold harmless and indemnify Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of these parties. Under no circumstances shall Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you. You agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Indemnitees from you.

(f) Exclusions from Indemnification. Specifically excluded from the indemnity you give hereby is any liability associated with us or the other Indemnitees' gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you).

26. Independent Contractor.

(a) Relationship. You understand and agree that you are and shall be an independent contractor. Nothing in this Agreement shall be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. You shall not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as is specifically provided for in this Agreement. We shall not have the power to hire or fire or control your employees and, except as herein expressly provided, we may not control or have access to your funds or the expenditure thereof, or in any other way exercise dominion or control over the Franchise.

(b) No Employment. It is expressly understood and agreed that neither you nor any employee of yours will, in any way, directly or indirectly, expressly or by implication, be construed to be an employee of ours for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal government agency.

(c) **IDENTIFICATION. YOU SHALL CONSPICUOUSLY IDENTIFY YOURSELF IN ALL DEALINGS WITH YOUR CUSTOMERS, CONTRACTORS, SUPPLIERS, PUBLIC OFFICIALS AND OTHERS, AS AN INDEPENDENT FRANCHISEE OF OURS, AND SHALL PLACE SUCH NOTICE OF INDEPENDENT OWNERSHIP ON ALL FORMS, BUSINESS**

CARDS, STATIONERY, ADVERTISING, SIGNS AND OTHER MATERIALS AND IN SUCH FASHION AS WE MAY, IN OUR SOLE AND EXCLUSIVE DISCRETION, SPECIFY AND REQUIRE FROM TIME TO TIME, IN OUR MANUALS (AS SAME MAY BE AMENDED FROM TIME TO TIME) OR OTHERWISE.

27. Enforcement Costs and Expenses.

You shall pay us on demand any and all costs and expenses we incur in successfully enforcing the terms of this Agreement, including legal fees and expenses and our administrative costs, whether such enforcement action is formal or informal, privately negotiated, mediated, arbitrated, tried or resolved through any other form of legal proceeding. Your duty to pay all of the above costs and expenses shall survive the termination or expiration of this Agreement.

28. Cross-Default; No Right to Set-Off.

(a) Cross Default. Any default by you of any other agreement between you and us shall be deemed a default under this Agreement, and any default by you under this Agreement shall be deemed a default under any and all other agreements between you and us. If the nature of such default under any other agreement would have permitted us to terminate this Agreement had said default occurred hereunder, we shall have the right to terminate this Agreement and all of the other agreements between you and us in the same manner as provided herein for termination of this Agreement.

(b) No Set Off. You shall not, for any reason, set-off against any amounts due to us any claims you assert to payment from us under this Agreement (as amended), the exhibits hereto and any ancillary agreements we may enter now or in the future. The existence of any claim or cause of action that you assert against us will not constitute a defense or bar to the enforcement of any of the provisions of this Agreement and must be pursued by you through a separate action.

29. Limitation of Actions.

You agree that you must bring any cause of action, claim, demand, or suit, arising out of or under this Agreement against us no later than one (1) year from the act, transaction or occurrence upon which such action is based. Any action or claim not brought within this one (1) year period shall be barred as a claim, counterclaim, defense, or set-off. You understand that this time limit might be shorter than otherwise allowed by law.

30. Step-in Rights.

If, at any time during the Term, we determine that the operation of the Franchise is in jeopardy for any reason, then we shall have the right but not the obligation to "step-in" to your place as the operator of the Franchise and to operate the Franchise on your behalf until we determine, in our sole discretion, that the Franchise is no longer in jeopardy. You acknowledge that this right to "step-in" is necessary to preserve the value and integrity of the System and the Licensed Marks, and You authorize us to exercise the rights described here. You will reimburse us for all costs incurred when exercising step-in rights. You will indemnify and hold harmless Franchisor, its officers, managers, members, agents, representatives, affiliates and employees, or anyone else acting on our behalf, against any claims, actions, losses, damages, harms and liabilities, including reasonable attorney's fees, incurred by us as the result of exercising our step-in rights under this Agreement.

31. Entire Agreement; Modification.

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. No change, modification, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon us or you unless in writing and signed by an authorized officer of both you and us; provided, however, we may unilaterally modify any of our manuals.

32. Notices.

(a) Effect. All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section. All notices permitted or required to be delivered pursuant to this Agreement shall be deemed so delivered:

i. when delivered by hand;

ii. three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid, or one (1) business day after placed in the hands of an overnight courier, for next day delivery, and in either case addressed to the party to be notified at its most current principal business address of which the notifying party has been notified (which, in the case of Franchisee, includes the address of the Franchised Business); or

iii. one (1) business day after being sent via email to the party to be notified as follows: if to Franchisor, to legal@thresholdbrands.com and if to Franchisee, the Franchisor-provided email address for the Franchised Business.

33. Miscellaneous.

(a) Titles. The titles of the sections and paragraphs are for convenience only and are not a part of the text of this Agreement.

(b) Severability. All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all invalid or unenforceable provisions were not contained herein, and all partially valid and enforceable provisions shall be interpreted and enforced to the extent they are intelligible, valid and enforceable.

(c) No Payment Withholding; Application of Payments. You shall not, on grounds of an alleged non-performance by us of any of our obligations or for any other reason, withhold payment of any amount due pursuant to us under this Agreement (as amended), the exhibits hereto or any ancillary agreements we may enter with you now or in the future. No endorsement or statement on any check or payment of any sum less than the full sum due to us shall be construed as an acknowledgement of payment in full or an accord and satisfaction, and we may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. We may apply any payments made by you against any past due indebtedness of yours as we may see fit. We may set off against any sums payable to you hereunder any unpaid debts due from you to us.

(d) Business Judgment. Except as otherwise expressly stated in this Agreement, any consent or approval required to be obtained from us, or decision to be made by us, may be granted or made by us in

our sole and exclusive business judgment, which may take into account our assessment of, among other things, the long-term interests of us, the System and the Licensed Marks, without regard to its effect on you or any other Heating + Air Paramedics franchisee. Our business judgment will prevail even in cases where other alternatives may be reasonable, so long as we intend to benefit or act in a way that could benefit the System, enhance the value of the Licensed Marks, increase customer satisfaction, or minimize possible consumer, brand or location confusion or harm. If our activities or decisions are supported by our business judgment no court or judge or trier of fact, or any other person reviewing those activities or decisions may substitute his, her or its judgment for our judgment, in recognition of the fact that the long-term goals of a franchise system, and the long-term interests of both us and our franchisees, require that we have the latitude to exercise our business judgment in administering, managing, and overseeing the System.

(e) Force Majeure. Neither party hereto shall be liable for any loss or damage due to any delay in the performance of the terms hereof by reason of strikes, lockouts and other labor troubles, fires, riots, wars, embargos and commotion, or acts of God; provided, however, the foregoing shall not apply to a party's payment obligations hereunder. Any such delay shall extend performance only so long as such event is in progress; provided, however, the foregoing shall not apply to any payment obligations under this Agreement.

(f) Time is of the Essence. In all respects, time shall be of the essence under this Agreement (as amended), the exhibits hereto, and any ancillary agreements we may enter into with you now or in the future.

(g) Benefit. The provisions hereof shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, successors and assigns unless otherwise specifically restricted by the terms of this Agreement.

34. Acknowledgements.

(a) Income. No representation has been made by us (or any employee, agent or salesperson thereof) and relied upon by you as to the future or past income, expenses, sales, volume or potential profitability, earnings or income of the Franchise, other than the information provided in our Franchise Disclosure Document.

(b) Due Diligence. Prior to the execution of this Agreement, you have had the opportunity to contact all of our existing franchisees, if any.

(c) Independent Investigation. You have had the opportunity to independently investigate, analyze and construe both the franchise being offered hereunder, and the terms and provisions of this Agreement, utilizing the services of counsel, accountants or other advisors (if you so elect).

(d) Disclosure Document. You acknowledge that you have received a complete copy of this Agreement, with all attachments, addenda and exhibits referenced in this Agreement, and other related agreements, if any, with all material terms completed, at least seven (7) days prior to the date on which this Agreement was executed or you paid us anything. You further acknowledge that you received our Franchise Disclosure Document at least fourteen (14) days prior to the earlier of the date on which this Agreement was executed by you or you paid us anything.

(e) Licensure. No representation or statement has been made by us (or any employee, agent or salesperson thereof) and relied upon by you regarding your ability to procure any required license or permit that may be necessary to operate the Franchise.

(f) Advisors. You have been advised to consult with your own advisors with respect to the legal, financial and other aspects of this Agreement, the Franchise, and the prospects for your business. You have either consulted with such advisors or have deliberately declined to do so.

(g) Applications and Other Information. You affirm that all information set forth in any and all applications, financial statements and submissions to us is true, complete and accurate in all respects, with you expressly acknowledging that we are relying upon the truthfulness, completeness and accuracy of such information.

(h) Liability. You agree and acknowledge that fulfillment of any and all of our 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 our sole responsibility and none of our agents, employees, representatives, nor any individuals associated with us or our affiliates shall be personally liable to you for any reason.

35. Counterparts.

This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

36. Effective Date.

This Agreement shall not be effective until accepted by us as evidenced by signing by an authorized officer of Franchisor. Such date shall be referred to herein as the Effective Date. If this Agreement is signed as part of the renewal of the Franchise, then the Effective Date shall be the first day after the expiration of the Term of the prior franchise agreement, or the date upon which an authorized officer of the Franchisor has signed, whichever is later.

[*Signatures on following page*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the Effective Date.

FRANCHISOR:

PHP Franchise, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Franchisee

By: _____
Franchisee

FRANCHISE AGREEMENT
Exhibit 1

TERRITORY

The "Territory" shall be defined as follows:

The Territory shall include the geographical area of the following zip codes or Census Tracts: [LIST]

FRANCHISE AGREEMENT
Exhibit 2

GUARANTY AGREEMENT

This Guaranty Agreement (the "Agreement") is entered into this _day of _, _____20

_____, between [NAME], a resident of [STATE] with a permanent residence at [ADDRESS] ("Guarantor"), and PHP Franchise, LLC, a Delaware limited liability company ("Franchisor").

RECITALS

A. WHEREAS, Franchisor and __("Franchisee"), have entered into a Franchise Agreement dated [DATE], as it may be amended from time-to-time (the "Franchise Agreement").

B. WHEREAS, Guarantor is a shareholder, member, partner and/or owner of Franchisee;

NOW, THEREFORE, in consideration of, and as an inducement to Franchisor to enter into the Franchise Agreement with Franchisee and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor hereby covenants and agrees as follows:

1. Guarantor warrants that the facts contained in Recitals A and B are correct;

2. Guarantor has read the terms and conditions of the Franchise Agreement and this Agreement;

3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Franchisee set forth in the Franchise Agreement, and that Franchisee is obligated to perform thereunder, as if Guarantor had signed the Franchise Agreement individually as a party to the Franchise Agreement;

4. Guarantor personally, unconditionally, and irrevocably guarantees to Franchisor and its successors and assigns, that all of Franchisee's obligations, undertakings, agreements and covenants set forth in the Franchise Agreement, will be punctually paid and performed during the term of the Franchise Agreement and thereafter, as applicable;

5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for the breach of each and every provision in the Franchise Agreement;

6. Upon default by Franchisee under the Franchise Agreement or notice from Franchisor of Franchisee's default under the Franchise Agreement, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement;

7. Without affecting the obligations of any Guarantor under this Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or any Guarantor, or settle, adjust or compromise any claims against Franchisee or any Guarantor;

8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Agreement, including, without limitation, notice of presentment, demand for payment

or performance by Franchisee, any default by Franchisee or any Guarantor, and any release of any Guarantor or other security for the Franchise Agreement or the obligations of Franchisee thereunder;

9. Franchisor may pursue its rights against any Guarantor without first exhausting its remedies against Franchisee and without joining any other Guarantor hereto, and no delay on the part of Franchisor, in the exercise of any right or remedy, shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy, shall preclude the further exercise of such right or remedy. Guarantor shall be jointly and severally liable for all obligations under the Franchise Agreement and this Agreement with all other guarantors guaranteeing the obligations under the Franchise Agreement regardless of whether such guarantors have executed this Agreement or a separate Guaranty Agreement;

10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of the deceased Guarantor shall be bound by this Agreement, but only for defaults and obligations under the Franchise Agreement existing at the time of death. In any such event, the obligations of all other Guarantors, whether hereunder or under any other Guaranty Agreement, shall continue in full force and effect;

11. This Agreement will continue and is irrevocable during the term of the Franchise Agreement and, after its termination or expiration without renewal of the franchise granted thereunder, with respect to those provisions that survive its termination or expiration, which shall also include any transfer of the franchise granted thereunder;

12. Guarantor's obligations under this Agreement are effective on the effective date of the Franchise Agreement, regardless of the actual date of signature;

13. This Agreement is governed by Ohio law without application of its conflict of laws rules. Guarantor irrevocably submits to the jurisdiction and venue of the state and federal courts of competent jurisdiction located in Cleveland, Ohio, or if venue does not lie in such courts, then a court of competent jurisdiction within Cuyahoga County, Ohio. Guarantor hereby waives any defense Guarantor may have of lack of personal jurisdiction or improper venue in any such lawsuits filed in these courts.

14. If Franchisor is required to enforce this Agreement in any judicial or arbitration proceeding or on any appeal, Guarantor shall reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Agreement;

15. This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

16. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Agreement.

IN WITNESS WHEREOF, Guarantor has entered into this Agreement effective as of the first date set forth above, regardless of the actual date of execution.

Signature _____

Print Name _____

Address _____

_____

FRANCHISE AGREEMENT
Exhibit 3

TELEPHONE LISTING AGREEMENT

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into as of the ____day of _____, 20__(the "Effective Date"), by and between PHP Franchise, LLC (the "Franchisor"), and _____, a(n) _____ (the "Franchisee").

1. DEFINITIONS

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement executed by Franchisor and Franchisee. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof without renewal of the franchise granted thereunder.

2. TRANSFER; APPOINTMENT

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire, during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Numbers and Listings") related to the Franchise or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be reasonably necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several in the event there is more than one party constituting Franchisee hereunder.

3.9 Execution. This Telephone Listing Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

3.10 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the State of Ohio, without regard to the application of Ohio's conflict of law rules. Any disputes arising from or relating to this Telephone Listing Agreement shall be resolved in accordance with the dispute resolution provisions set forth in the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

FRANCHISOR:

PHP FRANCHISE, LLC

By: _____

Date: _____

FRANCHISEE:

By: _____

Date: _____

FRANCHISE AGREEMENT
Exhibit 4

ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION AGREEMENT

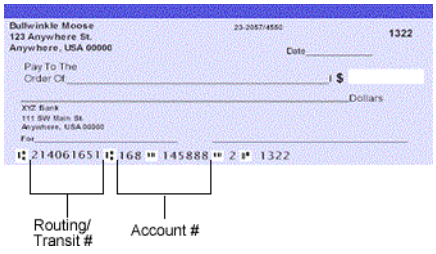
The undersigned ("Franchisee") hereby authorizes **PHP Franchise, LLC**, ("**PHP**"), to initiate electronic transfer of funds/direct debits for payment of any and all amounts which Franchisee may owe to **PHP** or its affiliates under any franchise agreement, note, security agreement, or other document or agreement between Franchisee and **PHP** or its affiliates (the "Obligations"). All transfer of funds/direct debits shall be made to and out of the bank account (the "Account") identified below at the Financial Institution identified below.

Franchisee acknowledge that the origination of Automated Clearing House (ACH) transactions to the Account must comply with the provisions of the United States law. All costs and expenses, including any resulting from the dishonor by the Financial Institution of any electronic funds transfer/direct debit, shall be Franchisee's sole responsibility. This authorization is irrevocable and shall remain in effect for 30 days following the termination or expiration of the underlying Franchise Agreement between Franchisee and **PHP.**

Franchisee acknowledges that the Obligations will be debited by **PHP** as they become due, or the closest business day thereafter. Franchisee agrees to keep sufficient funds in the account listed below to pay all Obligations. If Franchisee does not have enough money in the Account to cover the transfer/direct debit, or if the Financial Institution for any other reason refuses to honor a transfer/direct debit, Franchisee will separately pay for the Obligations upon demand.

An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the Franchisee to the same extent as would a handwritten signature.

ACH Information		
Financial Institution:		
Branch:		
City	State:	Zip:
Routing/Transit Number:		
Account/Bank Number:		



ENTITY: _____

Signature: _____ Date: _____ (duly authorized, or in their individual capacity)

Signature: _____ Date: _____ (in their individual capacity)

Day Phone: _____ Evening Phone: _____

FRANCHISE AGREEMENT

Exhibit 5

FRANCHISE OPTION AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO THE FRANCHISE AGREEMENT (the "Amendment") is made and entered into this _____ day of _____, 20_, by and between PHP FRANCHISE, LLC, (""Franchisor"), and ____ _____, a ____ with its _____ at _____ (hereinafter "Franchisee").

RECITALS

WHEREAS, Franchisor and Franchisee desire to enter into a Franchise Agreement of even date herewith with respect to the operation of a Heating + Air Paramedics franchised business (hereinafter the "Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed to amend the Franchise Agreement as set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. The Recitals above are incorporated herein by reference.

2. The Initial Franchise Fee shall be refunded to Franchisee, within ten (10) days of the opening of the Franchise so long as Franchisee has opened the Franchise within the time set forth in the Franchise Agreement, and Franchisee is not otherwise in default of the Franchise Agreement or any other agreement between Franchisee and Franchisor or its affiliates. However, the foregoing does not apply to Franchisee if Franchisee is a resident of or domiciled in, or intending to operate the Franchise wholly or partly in, any of the states of Connecticut, Georgia, Louisiana, Maine, North Carolina or South Carolina.

[FOR CERTAIN NEW FRANCHISEES]: Franchisor waives the Initial Franchise Fee stated in Section 9(a) of the Franchise Agreement.

3. Section 9(b) of the Franchise Agreement is hereby stricken and replaced as follows: "In consideration of our grant to you of a license to use the Licensed Marks and the Heating + Air Paramedics System, you must pay us a monthly continuing royalty (the "Continuing Royalty") which shall be nine percent (9%) of your monthly Gross Sales, or One Thousand Five Hundred Dollars ($1,500) per month, whichever is greater. The $1,500 minimum Continuing Royalty will not be imposed until the earlier of the first of the calendar month immediately following the day that is ninety (90) days after the Effective Date of this Agreement or the month in which the Franchisee begins operation."

4. If the Franchise Agreement is renewed in accordance with Section 3 thereof, Franchisee and Franchisor agree that the Continuing Royalty rates, as amended by Section 3 of this Amendment, shall be applied to the renewal term and that they shall enter into an amendment of the renewal franchise agreement if necessary to modify the Continuing Royalty rates in accordance with those set forth herein.

5. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.

6. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

PHP FRANCHISE, LLC

By: _____

FRANCHISEE

By: _____

FRANCHISE AGREEMENT
Exhibit 6

SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This Agreement is made and entered into as of _____, between PHP FRANCHISE, LLC ("Franchisor") and _____, a/an _____ _____with its principal place of business at _____("Franchisee") and the spouse or domestic partner of an owner of Franchisee ("Signer") with a primary residence at _____ _____.

RECITALS

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter "HEATING + AIR PARAMEDICS SYSTEM") for the development and operation of a business which provides residential heating and air conditioning and other related services under the trade name and mark HEATING + AIR PARAMEDICS;

WHEREAS, the HEATING + AIR PARAMEDICS SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark HEATING + AIR PARAMEDICS, service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, Website addresses, email addresses, digital cellular addresses, wireless Web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying the HEATING + AIR PARAMEDICS SYSTEM, and such other distinguishing characteristics of the HEATING + AIR PARAMEDICS SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing residential heating and air conditioning installation, repair, replacement and maintenance services and other related services; management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time ("Trade Secrets");

WHEREAS, Franchisor's Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of Franchisor's Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor's Trade Secrets;

WHEREAS, Franchisor and Franchisee are entering into a Franchise Agreement which will grant Franchisee a limited right to operate a franchised business within a territory using the HEATING + AIR PARAMEDICS SYSTEM and Franchisor's Trade Secrets for a period defined in the Franchise Agreement ("Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the HEATING + AIR PARAMEDICS SYSTEM of restricting use, access and dissemination of Franchisor's Trade Secrets; and

WHEREAS, it is anticipated that Signer may have access to Franchisor's Trade Secrets as Franchisee develops and maintains Franchisee's Business using the HEATING + AIR PARAMEDICS SYSTEM.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisee may disclose to Signer some or all of Franchisor's Trade Secrets relating to the HEATING + AIR PARAMEDICS SYSTEM.

2. Signer shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and shall use them only in connection with the development and/or maintenance by Franchisee of the Franchise (as defined in the Franchise Agreement) using the HEATING + AIR PARAMEDICS SYSTEM for so long as Franchisee is licensed by Franchisor to use the HEATING + AIR PARAMEDICS SYSTEM.

3. Signer shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Signer shall not disclose or permit the disclosure of Franchisor's Trade Secrets to anyone.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Signer shall not, directly or indirectly, do any act or omit to do any act, which would or would likely be injurious or prejudicial to the goodwill associated with the HEATING + AIR PARAMEDICS SYSTEM.

7. In order to protect the goodwill and unique qualities of HEATING + AIR PARAMEDICS SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Signer of Franchisor's Trade Secrets, Signer further undertakes and covenants that, during the time Franchisee is a franchisee of Franchisor and for the eighteen (18) months following the termination or expiration of Franchisee's Franchise Agreement, Signer will not, directly or indirectly, for themselves or through or on behalf of or in conjunction with any person, partnership, corporation or other business entity:

(a) solicit, divert or attempt to solicit or attempt to divert any business or customer of the Franchise to any competitor, by direct or indirect inducement or otherwise; or

(b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered by Franchisor; provided however the eighteen (18) month prohibition in this Section 7 shall only apply to any business or other venture which is, or is intended to be, located in the Territory (as defined in the Franchise Agreement), including from the office of the Franchisee, or any immediately adjacent or contiguous territories licensed to other HEATING + AIR PARAMEDICS franchisees as of the date of termination or expiration of the Franchise Agreement.

8. Franchisee undertakes to use Franchisee's best efforts to ensure that Signer acts as required by this Agreement.

9. Signer agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Signer, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary

and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

10. Signer agrees that the period during which the restrictions above apply shall be extended uninterrupted by the length of any period of time during which Signer was in violation of such restrictions.

11. This Agreement shall be governed by and construed under the laws of the state of Ohio, without regard to its conflicts of laws principals. Franchisee and Signer consent and agree that in all actions relating to or arising out of this Agreement, the state and federal courts of competent jurisdiction located in Cleveland, Ohio, shall have personal jurisdiction over such parties, or if venue does not lie in such courts, then a court of competent jurisdiction within Cuyahoga County, Ohio shall have jurisdiction over such parties. Franchisee and Signer hereby waive any defense either may have of lack of personal jurisdiction or improper venue in any such lawsuits filed in these courts. Notwithstanding the foregoing, Franchisor may bring a claim for injunctive relief in the county in which Franchisee or Signer has its principal office or is domiciled, as applicable. Defined terms used herein but not defined herein shall have the meaning in the Franchise Agreement.

12. If any court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

13. This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

By:_____ Name:
Title:
Date:_____

FRANCHISOR

By:_____ Name:
Title:
Date:_____

SIGNER

By:_____ Name:
Date:_____

FRANCHISE AGREEMENT
Exhibit 7

FRANCHISE COMPLIANCE QUESTIONNAIRE

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

Do not sign this Questionnaire if you are a resident of Maryland or Washington or if the franchise is to be located in Maryland or Washington.

As you prepare to enter into a Franchise Agreement with PHP Franchise, LLC ("PHP"), it is important to determine whether any statements or promises were made to you, either orally or in writing, which were not authorized by PHP and which may be untrue, inaccurate or misleading.

Please provide honest and complete responses to each of the following:

1. Have you received and personally reviewed our Franchise Agreement and all its attachments?

   Yes ___ No ___

2. Have you received and personally reviewed the Franchise Agreement which you are to sign, with all its blanks completed?

   Yes ___ No ___

   If your answer is Yes, please state what date this completed Franchise Agreement was received: _____

3. Have you received and personally reviewed our Franchise Disclosure Document (FDD)?

   Yes ___ No ___

   Please state the date you received the FDD: ____

   Did you sign a receipt for the FDD confirming the date you received it?

   Yes ___ No ___

4. Did you have an opportunity to review the Heating + Air Paramedics Operation Manual?

   Yes ___ No ___

5. Have you had the opportunity to discuss the benefits and risks associated with purchasing a Heating + Air Paramedics franchise with an attorney, accountant or other professional advisor?

   Yes ___ No ___

Do you understand those risks? Yes ___ No ___

6. Do you understand that any training, support, guidance or tools we provide to you as part of the Heating + Air Paramedics franchise, are for the purpose of protecting the Heating + Air Paramedics brand and trademarks, and to assist you in the operation of your business and not for the purpose of controlling, or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other

compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Yes ___ No ___

If No, please comment:_

CONSIDER THE FOLLOWING QUESTIONS IN REGARD TO INFORMATION PROVIDED DIRECTLY FROM FRANCHISOR OR ITS REPRESENTATIVES (NOT ITS FRANCHISEES):

7. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises concerning the revenues, profits or operating costs of a Heating + Air Paramedics franchise that contradicts any information in the FDD?

Yes ___ No ___

8. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises concerning the amount of money you may earn in the operating of a Heating + Air Paramedics franchise that contradicts any information in the FDD?

Yes ___ No ___

9. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises concerning the likelihood of success that you should or might expect to achieve from operating a Heating + Air Paramedics franchise that contradicts any information in the FDD?

Yes ___ No ___

10. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises concerning the advertising, marketing, training or support service or assistance that we will furnish to you that contradicts any information in the FDD?

Yes ___ No___

11. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises concerning the costs you may incur in starting or operating the Heating + Air Paramedics franchise that contradicts any information in the FDD?

Yes ___ No ___

12. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises or agreements relating to the Heating + Air Paramedics franchise that contradicts any information in the FDD?

Yes ___ No ___

If you have answered Yes to any of the questions numbered 7 through 12 above, please provide a full explanation ***for each.*** Attach additional pages if necessary.

_____

_____

_____

Your answers are important to us and we will rely on them; by signing this Questionnaire, you are representing that you have responded truthfully to all of the above questions.

Date: _____ Prospective Franchisee:

_____

FRANCHISE AGREEMENT
Exhibit 8

PROMISSORY NOTE

$_____ Dated: _____

FOR VALUE RECEIVED, the undersigned, **[FRANCHISEE ENTITY]** a [STATE] corporation/limited liability company with a principal place of business at [ADDRESS] (collectively referred to as "Maker") promises to pay to the order of **PHP FRANCHISE, LLC**, a Delaware limited liability company, (herein with its successors and/or assigns, "Payee") having its principal place of business at 17700 Saint Clair Avenue, Cleveland, Ohio 44110, or at such other place as the Payee or other holder hereof may direct in writing, the aggregate principal sum of **[AMOUNT] ($XX,XXX)** together with interest payable as follows:

1. **Interest**. The unpaid principal amount of this Promissory Note ("Note") from time to time outstanding shall bear interest at the rate of twelve percent (12%) per annum. If Maker fails to pay any installment or make any payment on this Note for ten (10) days after the same shall become due, whether by acceleration or otherwise, Payee may, at its option, impose a late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. If any payment or installment is not made within thirty (30) days after the same shall become due, Payee may, at its option, impose an additional late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. Such installment or payment shall be subject to an additional five percent (5%) late charge for each additional period of thirty (30) days thereafter that such installment or payment remains past due. The late charge shall apply individually to all installments and payments past due. This provision shall not be deemed to excuse a late installment or payment or be deemed a waiver of any other rights Payee may have, including, but not limited to, the right to declare the entire unpaid balance due under this Note immediately due and payable. In no event shall the rate of interest payable hereunder at any time exceed the highest rate of interest allowed under applicable usury laws.

2. **Principal and Interest Payments**. This Note shall be due and payable by electronic funds transfer in ____ consecutive equal monthly installments of **[AMOUNT] ($0,000.00),** with the initial installment being due and payable on **DATE**, and the remaining installments being due and payable on the same day of each consecutive month thereafter. The final installment shall be due and payable on **DATE** and shall consist of the remaining principal balance of this Note, and all unpaid interest, accrued thereon. In the event any payment date shall fall due on a Saturday, Sunday or United States banking holiday, payment shall be made on the next succeeding business day, and interest will continue to accrue on the unpaid amount during the interim. All payments of principal and interest are to be made in lawful money of the United States of America in immediately available funds.

3. **Payment Application**. Payments shall be applied first to expenses, costs, and attorney's fees which are payable under this Note, secondly to interest and finally to the reduction of principal; provided, such payments may at the option of Payee or other holder hereof, be applied to the payment of delinquent taxes, installments of special assessments, insurance premiums and/or other legal charges.

4. **Event of Default**. An "Event of Default" shall be deemed to have occurred in the event that: (a) any amount due hereunder is not paid after becoming due and payable; or (b) any default by Maker occurs in the performance of the covenants, obligations or other provisions under the Franchise Agreements between Maker and Payee (the "Franchise Agreement(s)"), or any other agreement between Maker (or its affiliates) and Payee; or (c) any representation or warranty of the Maker set forth in the Franchise Agreement(s), or any other agreement between Maker and Payee proves to have been incorrect in any material respect; or

(d) Maker becomes subject to any bankruptcy, insolvency or debtor relief proceedings; or (e) Maker fails to comply with or perform any provision of this Note not constituting a default under the previous items of this paragraph and such failure continues for fifteen (15) days after notice thereof to Maker; or (f) a default occurs causing the acceleration of any material obligation of Maker to any other creditors; or (g) any guarantor of the Franchise Agreement(s) revokes or renounces their guaranty; or (h) the Franchise Agreement(s) is terminated by Maker or by Payee or is declared terminated in any judicial proceeding.

5. **Default and Remedies**. Upon the occurrence of an Event of Default as defined herein or at any time thereafter, the entire principal and accrued interest of this Note shall become immediately due and payable, without further notice to Maker, at the option of Payee or other holder hereof. To the extent permitted by applicable law, all benefits, rights and remedies hereunder shall be deemed cumulative and not exclusive of any other benefit, right or remedy herein. The failure of Payee or other holder hereof to exercise any right or remedy hereunder shall not be deemed to be a release or waiver of any obligation or liability of the Maker.

6. **Obligations Absolute**. All obligations of Maker hereunder are absolute and unconditional, irrespective of any offset or counterclaim of Maker against Payee or other holder hereof. Maker hereby waives the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce the obligations of Maker under this Note.

7. **Waivers**. Maker and any co-makers, sureties, endorsers and guarantors of this Note, hereby jointly and severally waive presentment for payment, notices of non-performance or nonpayment, protest, notice of protest, notice of dishonor, diligence in bringing suit hereon, against any party hereto and notice of acceleration. Payee reserves the right, in its sole and exclusive discretion, to waive the requirement in Section 2 above that all payments hereunder be due by electronic funds transfer.

8. **Collection Costs; Attorney's Fees**. Maker agrees to pay all expenses and costs of collection, including all reasonable attorney's fees and expenses, court costs, costs of sale and costs of maintenance and repair and similar costs incurred by Payee in connection with the enforcement of this Note, the collection of any amounts payable hereunder, whether by acceleration or otherwise, and/or the sale or other disposition of any Collateral.

9. **Prepayment**. Maker may prepay this Note, in whole or in part, at any time without premium or penalty. Any partial payments shall be applied first to accrued interest and then to principal installments in reverse order of maturity.

10. **Severability**. If any term or provision of this Note or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and shall be valid and enforced to the fullest extent permitted by law.

11. **Limitation on Interest**. All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for charged, or received by Payee, or any subsequent holder hereof, exceed the maximum amount permissible under applicable law. If any interest in excess of the maximum amount of interest allowable by said applicable laws is inadvertently paid to Payee or the holder hereof, at any time, any such excess interest shall be refunded by the holder to the party or parties entitled to the same after receiving notice of payment of such excess interest. All interest paid or agreed to be paid to Payee shall, to the extent permitted by

applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Maker and Payee as to the payment of interest.

12. **Jurisdiction and Venue**. It is hereby agreed that any and all claims, disputes or controversies whatsoever arising from or in connection with this Note, shall be commenced, filed and litigated, if at all, in the state and federal courts of competent jurisdiction located in Cleveland, Ohio, or if venue does not lie in such courts only in a court of competent jurisdiction within Cuyahoga County, Ohio unless the conduct of such litigation is not within the subject matter jurisdiction of such court. The parties waive all questions of personal jurisdiction, convenience of forum and venue for purposes of carrying out this provision.

13. **Jury Trial Waiver**. **MAKER AND PAYEE IRREVOCABLY WAIVE TRIAL BY JURY, REGARDLESS OF THE FORUM, IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER ARISING FROM, WHETHER DIRECTLY OR INDIRECTLY, THIS NOTE.**

14. **Governing Law**. In order to effect uniform interpretation of this Note, and all disputes or controversies arising or related hereto shall be interpreted and construed under the laws of the State of Ohio.

15. **Amount Owing**. The records of Payee or other holder of this Note shall be prima facie evidence of the amount owing on this Note.

16. **Release**. In consideration of the credit given to the Maker as evidenced by this Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned, for himself and his agents, employees, representatives, associates, heirs, successors and assigns (collectively the "Franchisee Entities"), does hereby fully and finally release and forever discharge the Payee, and its officers, shareholders, directors, agents, employees, representatives, associates, successors and assigns (collectively, the "Franchising Entities") of and from any and all actions and causes of action, suits claims, demands, damages, judgments, accounts, agreements, covenants, debts, levys and executions, including without limitation attorneys' fees, whatsoever, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, whether at law or in equity, which the Franchisee Entities, or any one or more of them, have had, now have or may in the future, have against the Franchising Entities, or any one or more of them, arising out of, in connection with or relating in any way to that certain franchise agreement between the undersigned and Payee dated ___, 20_ (the "Franchise Agreement"), or any other agreement between the undersigned and Payee**,** including but not limited to, any actions for fraud or misrepresentation, violation of any franchise laws, violation of any state or federal antitrust or securities laws, or violation of any common law, from the beginning time to the date of this Note; provided, however, specifically excluded from the release provisions of this Note shall be all obligations of Payee, under the Franchise Agreement first accruing on and after the date hereof.

This release does not apply to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

17. **Assignment.** Payee may sell or assign this Note at Payee's sole discretion. If Payee sells or assigns this Note Payee will not remain primarily obligated under the Note. Additionally, Maker will also lose all of its defenses against Payee as they relate to this Note as a result of the sale or assignment.

18. **Execution**. This Note may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign)

and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

IN WITNESS WHEREOF, Maker has made, executed and delivered this Note effective as of the date first above written.

MAKER:

[INSERT NAME OF FRANCHISEE ENTITY]

By: _____
[NAME]
Its: [TITLE]

PAYEE:
PHP FRANCHISE, LLC

By: _____
[NAME]
Its: [TITLE]

FRANCHISE AGREEMENT
Exhibit 9

RENEWAL AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (the "Amendment") is made and entered into as of __, by and between **PHP FRANCHISE, LLC**, a Delaware limited liability company (hereinafter, "Franchisor"), and _____, [an individual] or [a ___ corporation/limited liability company with [a primary residence] or [its principal place of business] at _____(hereinafter "Franchisee").

Franchisor and Franchisee entered into a Franchise Agreement dated _____ for the operations of a Heating + Air Paramedics Franchise around the area of __("Old Franchise Agreement") and now wish to renew.

Franchisor and Franchisee have entered into a renewal Franchise Agreement dated _____ ("Franchise Agreement") and now agree to amend that Franchise Agreement as follows:

1. Section 3(a) of the Franchise Agreement shall be deleted and replaced with the following:

"3(a). Term. This Agreement shall take effect in accordance with Section 36 below (the "Effective Date") and, unless terminated pursuant to Section 14, shall continue in effect for a term of _____(the "Term")."

2. Franchisor hereby acknowledges that Franchisee has completed the selection of the office location as set forth in Section 4 of the Franchise Agreement.

3. Franchisor waives the Initial Training Program requirement in Section 5 of the Franchise Agreement.

The Initial Franchise Fee stated in Section 9 of the Franchise Agreement is waived and Franchisee shall not pay to Franchisor the Initial Franchise Fee.

4. Franchisee acknowledges that the Franchise Business is fully operational as of the Effective Date of the Franchise Agreement. Franchisee further acknowledges that Franchisee is responsible for all payments due upon commencement of operations (including minimum royalties) as of the Effective Date of the Franchise Agreement.

5. Franchisor and Franchisee agree that the Local Advertising spending requirement in Section 11 shall not apply.

6. Release. In consideration for Franchisor's consent to renewal of the franchise, Franchisee, for itself, its affiliates, and its successors and assigns, hereby remises, releases and forever discharges Franchisor, its affiliates, successors and assigns, as well as the shareholders, members, principals, officers, directors, employees, attorneys, agents, heirs and executors of Franchisor, its affiliates, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, demands, losses, actions, causes of action, suits, accounts, covenants, contracts, warranties, agreements, damages and any and all claims, demands and liabilities whatsoever, of every name and nature, both in law and in equity, including without limitation causes of action arising out of alleged conspiracy, violations of any contract, express or implied, any covenant of good faith and fair dealing, *quantum meruit*, or any federal, state or municipal statute, regulation or ordinance, that the Franchisee, its affiliates, successors or assigns may now have or ever had against the Released Parties, whether under the old Franchise Agreement, the Franchise Agreement or this Addendum, or any other agreement, transaction, relationship, duty, obligation or in any other form,

known and unknown, from the beginning of the world until the date hereof, it being the intent of the Franchisee to grant in favor of the Released Parties hereby a general release. Without otherwise limiting the generality of the foregoing release, the foregoing release will not apply to obligations of Franchisor to Franchisee specifically set forth in this the Franchise Agreement or this Addendum.

A. [IF FRANCHISE IS IN MARYLAND] The foregoing release shall not be construed to release any of Franchisees claims or rights to claims under the Maryland Franchise Registration and Disclosure Law, if such release is in contravention of the Maryland Franchise Registration and Disclosure Law.

B. [IF FRANCHISEE IS A CALIFORNIA CORP OR DOMICILED IN CALIFORNIA] The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

Franchisee expressly waives the provisions of Section 1542 of the California Civil Code and expressly releases each party to be released from all liability or claims arising out of any matters recited in the release.

C. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

7. The parties intend to amend the Franchise Agreement only as stated in this Amendment. All remaining provisions of the Franchise Agreement are unaltered hereby and are in full force and effect. Capitalized terms not defined herein shall have the meaning ascribed to them in the Franchise Agreement.

8. This Amendment may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

[Signatures on following page]

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

FRANCHISOR:
PHP FRANCHISE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:
[INSERT NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

FRANCHISE AGREEMENT
Exhibit 10

MULTI-TERRITORY DEVELOPMENT ADDENDUM

This Multi-Territory Development Addendum (this "Addendum") is made and entered into as of the day of ____, 20__(the "Effective Date") by and among PHP FRANCHISE, LLC, a Delaware limited liability company, with its principal place of business at 17700 Saint Clair Avenue, Cleveland, Ohio, 44110 ("Franchisor"), [ENTITY], a _____limited liability company/corporation and [ENTITY OR INDIVIDUAL NAME] ("You," "Your," or the "Franchisee"). If "You" are a business entity, "You" includes Your owners. Natural persons having an ownership interest in You if You are a business entity, are called an "Owner" and collectively "Owners."

INTRODUCTION

Franchisee and Franchisor have entered into one or more franchise agreements dated on or about _____ (the "Franchise Agreement(s)") under which Franchisee shall own and operate a Heating + Air Paramedics franchise in one or more contiguous territories (each a "Franchised Business"), as further described in the Franchise Agreement(s). Franchisor has agreed that Franchisee shall be provided extended time to begin operating a Franchised Business in each territory as set forth on the Rider (each a "Territory") and further that the timing of fee payments under the Franchise Agreement(s) shall be similarly adjusted, all as set forth herein.

In consideration of the foregoing and the mutual covenants and consideration described below, You and Franchisor agree as follows:

1. Franchisee shall begin operating a Franchised Business in each Territory according to the schedule set forth in the Rider to this Addendum.

2. Franchisee has signed a Franchise Agreement for the operation of a Franchised Business in each Territory. Except as stated in this Addendum, the operation of the Franchised Business in each Territory will be subject to the terms of the applicable Franchise Agreement.

3. Franchisee shall pay the Initial Franchise Fee, as stated in the applicable Franchise Agreement, no later than the Effective Date. All such fees are non-refundable.

4. Franchisee shall not be obligated to complete the Initial Training Program prior to commencing operation of the Franchised Business in the second and additional Territories identified on the Rider.

5. Franchisee must commence operation of a Franchised Business in each Territory no later than the deadline stated on the Rider. If Franchisee begins servicing customers in the second or any additional Territory at any point, then the date of the first customer service provided in such Territory shall be deemed the commencement of operations in that Territory.

6. If Franchisee does not commence operations in a Territory according to the deadline stated in the Rider, Franchisor shall have the right to immediately terminate the applicable Franchise Agreement and all of Franchisee's rights to operate the Franchised Business in that Territory and in all other Territories in which Franchisee has not yet commenced operations. A termination under this Section 6 shall not be grounds to terminate the Franchise Agreements applicable to any Territories in which Franchisee has commenced operations.

7. If, for any reason, any Franchise Agreement for a Territory in which Franchisee has commenced operations is terminated prior to Franchisee commencing operations in all Territories, then Franchisor shall have the right to immediately terminate the Franchise Agreements for any Territories in which Franchisee has not yet commenced operations.

8. If Franchisor elects to extend the time for Franchisee to begin operating in a Territory, Franchisee must pay Franchisor the minimum monthly flat fee amount called for by the Continuing Royalty calculation in the Franchise Agreement, beginning as of the original commencement date in the Rider. If Franchisee subsequently begins to operate in the Territory, Franchisee's Continuing Royalty will be determined based on the complete Continuing Royalty calculation in the Franchise Agreement (minimum guarantee with percentage fee).

9. Except as otherwise stated herein, this Addendum shall be made a part of each Franchise Agreement for each of the Territories described on the Rider, and any and all matters under this Addendum shall be governed by the terms of the applicable Franchise Agreement.

10. Any disputes arising out of this Addendum shall be governed by the dispute resolution provisions of the Franchise Agreements, including the governing law and jurisdiction provisions.

11. This Addendum may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

[THIS ADDENDUM CONTINUES WITH A RIDER, WHICH IS A PART OF THIS ADDENDUM]

MULTI-TERRITORY DEVELOPMENT ADDENDUM RIDER

(1) Development Territories:

FRANCHISE AGREEMENT NO.	TERRITORY ID	ZIP CODES

(2) Development Schedule. Franchisee must commence operations of the Franchised Business in each Territory according to the following schedule:

FRANCHISE AGREEMENT NO.	DATE BY WHICH OPERATIONS MUST COMMENCE IN THE TERRITORY
XXX-XXXX	
XXX-XXXX	

PHP FRANCHISE, LLC

By: _____
Its: _____

FRANCHISEE

By: _____
[NAME], [TITLE]

FRANCHISE AGREEMENT
Exhibit 11

NOVATION AGREEMENT

THIS NOVATION AGREEMENT (the "Novation") is made and entered into this _____ day of _____ _____ by and between: PHP Franchise, LLC ("PHP"), a Delaware limited liability company with its principal office at 17700 Saint Clair Avenue, Cleveland, Ohio, 44110, [NAME], an individual with a primary address at _____, ("Franchisee"), an individual with a primary address at [ADDRESS], and ENTITY, a _____ limited liability company with its principal office at _____("Company")

RECITALS

A. Franchisee is a Heating + Air Paramedics® franchisee under a franchise agreement with PHP dated [DATE] (the "Franchise Agreement"); and

B. Franchisee desires to transfer all of its right, title and interest under the Franchise Agreement and ownership of the franchise to Company; and

C. Franchisee will enter into PHP's then-current Guaranty Agreement as a condition to PHP's consent to the foregoing transfer; and

D. The parties agree that as and from the date of this Novation (the "Effective Date"), the Franchise Agreement shall be novated from Franchisee to Entity, so that from the Effective Date Company shall be bound by the terms of the Franchise Agreement in place of Franchisee and Company agrees to acknowledge and expressly assume in the name, place and stead of NAME all liabilities and obligations of Franchisee under the Franchise Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained in this Novation 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:

AGREEMENT

1. As of the Effective Date, Company agrees and undertakes to perform the obligations of Franchisee under the Franchise Agreement, whether arising prior to, on or subsequent to the Effective Date, and agrees to be bound by the terms and conditions of the Franchise Agreement in every way as if Company were named as a party to the Franchise Agreement in place of Franchisee. Company agrees to perform any and all past, present and future obligations of Franchisee under the Franchise Agreement and all other agreements executed in connection therewith.

2. As of the Effective Date, Franchisee releases PHP from the various covenants, undertakings, warranties and other obligations contained in the Franchise Agreement and from all claims and demands whatsoever in respect of the Franchise Agreement whether arising prior to, on or subsequent to the Effective Date.

3. PHP consents to the novation of Company for Franchisee described in Section 1.

4. REPRESENTATIONS AND WARRANTIES OF COMPANY AND FRANCHISEE TO PHP:

(i) Company is a [limited liability company/corporation/partnership] duly constituted and validly existing and is in good standing under the laws of its incorporating jurisdiction and is duly qualified to conduct the business in each jurisdiction where the nature and extent of their business and property require the same.

(ii) Company and Franchisee possess all requisite authority and power to execute, deliver and comply with the terms of this Novation. This Novation has been duly authorized by all necessary action, has been duly executed and delivered by Company and Franchisee and constitutes a valid and binding obligation of Company and Franchisee enforceable in accordance with its terms.

(iii) Franchisee has the right to novate its rights and benefits under the Franchise Agreement to Company, free and clear of any charge, lien, pledge, security interest or direct or indirect participation interest in favor of any other person, and as of the Effective Date, the Franchise Agreement is free and clear of all charges, liens, pledges, security interests or direct or indirect participation interests in favor of any other person.

5. Personal Guaranty. Notwithstanding any terms herein that may be construed to the contrary, Franchisee shall enter into and be bound to the terms of PHP's then-current Guaranty Agreement, and that among the obligations guaranteed thereunder are the obligations of Company to perform under the Franchise Agreement and Franchisee shall be personally bound by and personally liable for each and every obligation of Company under the Franchise Agreement.

6. Successors and Assigns. Company may not assign, transfer, convey or otherwise delegate any of its rights, title, interest or obligations under the Franchise Agreement without PHP's prior written consent pursuant to the terms of the Franchise Agreement.

7. Dispute Resolution. Any disputes arising from or relating to this Novation shall be resolved in accordance with the dispute resolution provisions set forth in the Franchise Agreement, including the governing law and jurisdiction provisions of the Franchise Agreement.

8. Entire Agreement; Liability. This Novation shall constitute the entire integrated assignment between the parties with respect to the subject matter contained herein and shall not be subject to change, modification, amendment or addition without the express written consent of all the parties. The obligations of Franchisee and Company hereunder are joint and several in each and every respect.

9. Right to Review and to Counsel. Each party declares that the terms of this Novation 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.

10. Multiple Counterparts. This Novation may be executed in a number of identical counterparts, each of which, for all purposes, is to be deemed to be an original, and all of which constitute, collectively, one agreement, but in making proof of this Novation, it shall not be necessary to produce or account for more than one such counterpart. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

IN WITNESS WHEREOF, the undersigned have affixed their signatures hereto as of the day and date first above written.

PHP FRANCHISE, LLC

By: _____
Its: _____

ENTITY

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
(In his/her personal capacity)

EXHIBIT D

STATE SPECIFIC ADDENDA

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATES OF
CONNECTICUT, GEORGIA, LOUISIANA,
MAINE, NORTH CAROLINA AND SOUTH CAROLINA

Notwithstanding anything to the contrary set forth in the PHP FRANCHISE, LLC Franchise Disclosure Document, the following provision shall supersede and apply to all Heating + Air Paramedics franchises offered and sold in the states of Connecticut, Georgia, Louisiana, Maine, North Carolina and South Carolina:

If you are a new franchisee seeking to participate in the Franchise Option Program disclosed in Item 5 the refund of the Initial Franchise Fee will not apply to you if you reside in or are domiciled in, or your Franchised Business is located wholly or partly in, any of Connecticut, Georgia, Louisiana, Maine, North Carolina or South Carolina. However, you may otherwise participate in the Franchise Option Program and receive the same benefits as an existing franchisee under the Program.

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

A. 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 DISCLOSURE DOCUMENT 14 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 14 DAYS PRIOR TO THE RECEIPT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST.

B. No person in item 2 of the FDD is subject to any currently effective Order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78A ET SEQ., suspending or expelling such persons from membership in such association or exchange.

C. California Business and Professions Code 20000 through 20043 provides 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.

D. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. SEC. 101 ET SEQ.).

E. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. The Franchise Agreement contains a waiver of a jury trial. This waiver may not be enforceable under California law.

F. The franchise agreement requires binding arbitration. The arbitration will occur in Cleveland, Ohio with the costs being borne by the franchisee. 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. This provision may not be enforceable under California law.

G. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

H. Our website, www.heatingairparamedics.com, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints, concerning the contents of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

I. The franchise agreement requires application of the laws of state of Ohio. This provision may not be enforceable under California law.

J. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the California Franchise

Investment Law (California Corporations Code Sections 31000 through 31516) or any rule or order thereunder. Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

K. The highest interest rate allowed by law in California is 10% annually.

L. Pursuant to California Corporations Code Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

In recognition of the California Franchise Investment Law, Cal. Bus. & Prof Code § 31000, et seq., and the California Franchise Relations Act, Cal. Corp. Code § 20000, et seq., the Franchise Disclosure Document for PHP Franchise, LLC offering franchises under the "Heating + Air Paramedics" mark for use in the State of California shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" shall be amended by adding the following disclosure:

If you execute a general release, in a form prescribed by the Franchisor, of any and all claims against the Franchisor and its affiliates, and their respective officers, directors, agents, and employees, the release must exclude such claims that you may have that have arisen under the California Franchise Investment Law or the California Franchise Relations Act.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution", shall be amended by adding the following disclosure:

The California Franchise Relations Act provides to franchisees additional rights concerning non-renewal. Notice of intention by the Franchisor not to renew a franchise agreement must be given at least 180 days prior to the expiration of the franchise agreement. In the event that any of the provisions of a franchise agreement conflict with the statute, the conflicting provisions will be considered invalid.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" shall be amended by adding the following disclosure:

The California Franchise Relations Act provides to franchisees additional rights concerning termination. A franchise may be terminated only for good cause, and franchisees must be given notice of default and a reasonable opportunity to cure defects (except for certain defects, as specified in the statute, which require

no notice or cure). In the event that any of the provisions of a franchise agreement conflict with the statute, the conflicting provisions will be considered invalid.

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" shall be amended by adding the following disclosure:

Covenants not to compete upon termination or expiration of the Franchise Agreement are not enforceable under California Law, except in limited circumstances. The Franchisor does not know whether the foregoing covenants are enforceable under California Law.

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

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA

THIS ADDENDUM (the "Addendum") is effective as of _____ 20 _____, and amends the Franchise Agreement dated ____, 20____(the "Agreement"), between PHP FRANCHISE, LLC ("we," "us," "our" or "Franchisor") and _____ ("you", your" or "Franchisee"), whose mailing address is _____.

1. You shall execute a general release under seal, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. California Corporations Code §31512 voids any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the California Franchise Investment Law (California Corporations Code §§31000 through 31516) or any rule or order thereunder. Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

2. A new Section 14(c) of the Agreement, under the sub-heading "Termination in California" shall be added, as follows:

To the extent that the provisions of this Section 14 regarding termination are inconsistent with the requirements of the California Franchise Relations Act, the termination provisions are superseded by the Act's requirements and shall have no force or effect.

3. This Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4. A new paragraph at Section 24 of the Agreement shall be added as follows:

The Agreement requires binding arbitration in Ohio. 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.

5. Section 34 of the Agreement is deleted in its entirety and replaced with the following:

"[Intentionally Deleted]"

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

7. Pursuant to California Corporations Code Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

IN WITNESS THEREOF, the parties hereto have executed this Addendum on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By:_____

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF HAWAII

1. PHP Franchise, LLC is currently registered to sell Heating + Air Paramedics franchises (or exempt from franchise registration) in the states of: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

2. The states in which the Heating + Air Paramedics Franchise Disclosure Document is or will be shortly on file (or exempt from franchise registration): California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

3. No state has refused, by order or otherwise, to register the Heating + Air Paramedics franchise.

4. No state has revoked or suspended the right to offer Heating + Air Paramedics franchises.

5. PHP Franchise, LLC has not withdrawn the proposed registration of the Heating + Air Paramedics Franchise Disclosure Document in any state.

6. The state cover page of the Heating + Air Paramedics Franchise Disclosure Document is amended to include the following:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OR ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF 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 A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF HAWAII

THIS ADDENDUM (the "Addendum") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20____(the "Agreement"), between PHP FRANCHISE, LLC ("we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____.

1. 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 THEREOF, the parties hereto have executed this Addendum on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By:_____

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

In conformance with Section 4 of the Illinois Franchise 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 outside of Illinois.

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.

Franchisee's rights upon Termination and Non-Renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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 PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise 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 outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

Franchisee's rights upon Termination and Non-Renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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 THEREOF, the parties hereto have executed this Addendum on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By: _____

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA

In recognition of the Indiana Franchise Law, Title 23, Article 2, Chapter 2.5 Sections 1 through 51, the Franchise Disclosure Document for PHP Franchise, LLC offering franchises under the "HEATING + AIR PARAMEDICS" mark for use in the State of Indiana shall be amended as follows:

1. Item 17(c), pertaining to "Requirements for you to Renew or Extend" your Franchise Agreement, is hereby amended by adding the following paragraph:

"Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve PHP Franchise, LLC from liability imposed by Indiana State Code 23-2-2.7."

2. Item 17(m) pertaining to requirements for approval of transfer, is hereby amended by adding the following:

"Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve PHP Franchise, LLC from liability imposed by Indiana State Code 23-2-2.7."

3. Item 17(r), pertaining to the post-termination non-competition covenants, is hereby amended by adding the following paragraph:

"The post-termination covenant not to compete complies with Indiana State Code 23-2-2.7-1(9) which prohibits PHP Franchise, LLC from prohibiting you from competing for a period longer than 3 years or in an area greater than the exclusive area contained in your agreement."

4. Item 17(t), pertaining to the integration/merger clause, is hereby amended by adding the following paragraph:

"Notwithstanding anything to the contrary contained in your agreement, you do not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document."

5. Item 17(v), pertaining to the choice of forum, is hereby amended by adding the following paragraph:

"Choice of forum in any jurisdiction other than Indiana is prohibited under IC 23-2-2.7-1(10). PHP Franchise, LLC may not require that you agree to participate in any form of alternative dispute resolution other than arbitration before an independent arbitrator."

6. Item 17(w), pertaining to the choice of law, is hereby amended by adding the following paragraph:

"The choice of Indiana law shall be subject to the superseding provisions in Indiana's Franchise Acts, IC 23-2-2.5 and 2.7."

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF INDIANA

THIS ADDENDUM (the "Addendum") is effective as of _____, 20_ (the "Agreement Date"), and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC ("we," "us," "our" or "Franchisor") and _____ ("you", "your" or "Franchisee"), whose mailing address is _____.

1. Section 25 of the Agreement, under the heading "Indemnification", shall be supplemented by the addition of the following sentence:

"In no event shall this indemnification apply to liability caused by your proper reliance on or use of procedures or materials provided by Franchisor or because of Franchisor's negligence."

2. Section 21 of the Agreement, under the heading "Covenants of Non-Disclosure, Non- Solicitation and Non-Competition", Section 24 of the Agreement, under the heading "Binding Arbitration", and Exhibit 2 of this Agreement "Guaranty Agreement" shall each be supplemented by the addition of the following paragraph:

"The reservation of rights by Franchisor to injunctive relief and specific damages or limitations on the remedies available to either party without benefit of appropriate process is prohibited under IC 23-2-2.7-1(10). You cannot be required to recognize the adequacy or inadequacy of any remedy. The waiver or release of any rights with regard to the Agreement is prohibited under IC 23-2-2.7- 1(5)."

3. Section 3 of the Agreement, under the heading "Term and Renewal" and Section 18 of the Agreement, under the heading "Assignment by Franchisee", shall be supplemented by the addition of the following sentence:

"You cannot be required to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve Franchisor from liability under Indiana Code 23-2-2.7."

4. Section 33 of the Agreement, under the heading "Miscellaneous", shall be supplemented by the addition of the following sentence:

"Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document."

5. Section 24 of the Agreement, under the heading "Binding Arbitration", shall be supplemented by the addition of the following paragraph:

"Notwithstanding anything to the contrary in this provision, venue for any cause of action brought under this Agreement shall be in Indiana pursuant to IC 23-2-2.7-1(10). Notwithstanding anything to the contrary in this provision, the choice of law for any cause of action brought under this Agreement shall be subject to any superseding provisions contained in Indiana's Franchise Act, IC 23-2-2.5 and 2.7. You shall be permitted to bring actions arising under IC 23-2-2.5 at any time within 3 years from the date of violation pursuant to IC 23-2-2.7-7."

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS THEREOF, the parties hereto have executed this Addendum on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By: _____

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND

Amendment to Item 5 of the Disclosure Document

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.

Amendments to Item 17 of the Disclosure Document

The general release required as a condition of renewal, sale, and /or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

Termination for bankruptcy filing may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland Franchise Regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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 PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND

THIS ADDENDUM (the "Addendum") is effective as of _____, 20__ (the "Agreement Date"), and amends the Franchise Agreement dated _____, 20_____ (the "Agreement"), between PHP FRANCHISE, LLC ("we," "us," "our" or "Franchisor") and _____ _____ ("you", "your" or "Franchisee"), whose mailing address is _____.

The Franchise Agreement is amended by the addition of the following provisions and the parties agree to these Addendums:

Based upon Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement.

Sections 3 and 17 of the Agreement allow the Franchisor to require you to sign a general release of claims as a condition of renewal or transfer of your franchise. Under Maryland law (COMAR 02.02.08.16L), this condition will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Section 4-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires a franchisor to file an irrevocable consent to be sued in Maryland. Section 23 of the Agreement contains provisions requiring a franchisee filing any litigation against the franchisor to agree to file the litigation only in the State of Ohio. Accordingly, the Agreement is amended to permit a franchisee to bring litigation in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Section 24 of the Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its rights to file a lawsuit in Maryland claiming a violation of the Maryland Franchise law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Section 34 of the Franchise Agreement is hereby deleted in its entirety.

No statement, questionnaire, or acknowledgment signed or agreed to by 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 the 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.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS THEREOF, the parties hereto have executed this Addendum on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By: _____

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

As to franchises governed by the Minnesota franchise law, if any of the terms of the Franchise Disclosure Document are inconsistent with the terms below, the terms below control:

With respect to franchises governed by the Minnesota franchise law, the franchisor will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require (except in certain specific cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

To the extent required by Minn. Stat. Chapter 80C, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided the franchisee is using the names in marks in accordance with the Franchise Agreement.

Minnesota Rule Part 2869.4400(d) prohibits franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgment signed or agreed to by 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 the 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 PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

THIS ADDENDUM (the "Addendum") is effective as of _, 20_____, and amends the Franchise Agreement dated _____, 20____(the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____ _____.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require (except in certain specific cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non- renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

To the extent required by Minn. Stat. Chapter 80C, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided the franchisee is using the names in marks in accordance with the Franchise Agreement.

Minnesota Rule Part 2869.4400(d) prohibits franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

The "Limitations of Actions" section of the Franchise Agreement is revised to comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgment signed or agreed to by 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 the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By: _____

ADDENDUM TO PHP FRANCHISE, LLC FRANCHISE DISCLOSURE DOCUMENT 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 SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to Item 5:

We may use the Initial Franchise Fee in any way we see fit, including to pay our general operating expenses.

4. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for Franchisee to Renew or Extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

5. The following language replaces the "Summary" section of Item 17(d), titled "Termination by Franchisee":

You may terminate the agreement on any grounds available by law.

6. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of Forum", and Item 17(w), titled "Choice of Law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

7. 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.

8. 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 earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

THIS NEW YORK ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR LOCATE THEIR FRANCHISES IN NEW YORK.

ADDENDUM TO THE PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

1. Amendment to Item 5 of this Disclosure Document:

Based upon the franchisor's financial condition, the North Dakota Insurance Commissioner has required a financial assurance. Therefore, all initial fees shall be deferred until we complete our pre-opening obligations under the Franchise Agreement and the outlet is open.

2. The Summary column of Item 17 paragraph (c) of this Disclosure Document is modified to read as follows:

"Give us at least 90 days' notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the "North Dakota Law")."

3. The Summary column of Item 17 Paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

"Any requirement that you must consent to termination or liquidated damages may not be enforceable under North Dakota Franchise Investment Law."

4. The Summary column of Item 17 Paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

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

5. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

"except that matters coming under the North Dakota Law will be submitted to arbitration in a mutually agreeable location."

6. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

Except for matters coming under the North Dakota Law, litigation and arbitration must be in Ohio.

7. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

"The law of North Dakota governs.*"

8. The North Dakota Insurance Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.) and are hereby struck from this Disclosure Document and the Franchise Agreement:

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

General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement; and

Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

9. No statement, questionnaire, or acknowledgment signed or agreed to by 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 PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

THIS ADDENDUM (the "Addendum") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20____(the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____ ("you", "your" or "Franchisee"), whose mailing address is _____.

1. **Precedence and Defined Terms.** This Addendum is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Addendum supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Agreement.

2. **Grant of Successor Franchise.** You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the "North Dakota Law").

3. **Post-Term Competitive Restrictions.** Post-effective Covenants not to compete are generally unenforceable in the State of North Dakota.

4. **Jurisdiction.** All matters coming under the North Dakota Law may be brought in the courts of North Dakota.

5. **Limitation of Claims.** The statute of limitations under North Dakota Law applies to all matters coming under North Dakota Law.

6. **Governing Law.** This Agreement will be governed by North Dakota Law.

7. **Waiver of Jury Trial.** Section 23(a) of the Agreement is deleted in its entirety.

8. **Arbitration.** All matters being arbitrated under North Dakota law may be brought in a location agreeable to both the Franchisor and the Franchisee.

9. **Liquidated Damages.** Franchisee's consent to termination or liquidated damages is generally unenforceable under North Dakota Law.

10. **General Release.** Franchisee's consent to general release is generally unenforceable under North Dakota Law.

11. **Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by 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 the 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.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By: _____

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the Rhode Island Franchise Investment Act, as amended, the Franchise Disclosure Document for PHP Franchise, LLC for use in the State of Rhode Island shall be amended as follows:

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND

THIS ADDENDUM (the "Addendum") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____ ("you", "your" or "Franchisee"), whose mailing address is _____.

1. Section 24 of the Agreement, under the heading "Binding Arbitration", shall be amended to add the following:

"Provided that the Rhode Island Franchise Investment Act or a successor law should void a "choice of law" provision enforcing the laws of a jurisdiction other than Rhode Island, or void a venue provision which restricts jurisdiction outside of Rhode Island, then all references to "choice of law" and/or venue shall read "Rhode Island."

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By: _____

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA

1. The Summary column of Item 17 Paragraph (g) of this Disclosure Document is modified by adding the following at the end of the sentence:

"Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination."

2. The Summary column of Item 17 Paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of South Dakota, except in certain instances as provided by law."

3. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

"except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location."

4. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

Except for matters coming under the South Dakota Law, litigation and arbitration must be in Ohio.

5. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

"The law of South Dakota governs.*"

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA

THIS ADDENDUM (the "Addendum") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20____(the "Agreement"), between PHP FRANCHISE, LLC ("we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____.

1. Precedence and Defined Terms. This Addendum is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Addendum supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Agreement.

2. Grant of Successor Franchise. You are not required to sign a general release as to any matters coming under the South Dakota Law.

3. Post-Term Competitive Restrictions. Post-effective Covenants not to compete are generally unenforceable in the State of South Dakota, except in certain instances provided by law.

4. Jurisdiction. All matters coming under the South Dakota law may be brought in the courts of South Dakota.

5. Limitation of Claims. The statute of limitations under South Dakota Law applies to all matters coming under South Dakota Law.

6. Governing Law. This Agreement will be governed by South Dakota law.

7. Waiver of Jury Trial. Section 23(a) of the Agreement is deleted in its entirety.

8. Arbitration. All matters being arbitrated under South Dakota law may be brought in a location agreeable to both the Franchisor and the Franchisee.

9. Termination. The following is added as Section 14 of the Agreement: You will have 30 days' written notice with an opportunity to cure prior to termination for the following: breach of this Agreement, failure to meeting performance and quality standards and failure to make royalty payments.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By: _____

ADDENDUM TO THE PHP FRANCHISE, LLC FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

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

1. The following statements are added to Item 17.h of the Virginia Disclosure Document:

"Under Section 13.1.564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or laws of Virginia, that provision may not be enforceable."

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

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF VIRGINIA

THIS ADDENDUM (the "Addendum") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20 ___ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____ ("you", "your" or "Franchisee"), whose mailing address is _____.

1. No statement, questionnaire, or acknowledgment signed or agreed to by 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 the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By: _____

WASHINGTON ADDENDUM TO
THE FRANCHISE DISCLOSURE DOCUMENT

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

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. Franchisees that receive financial incentives to refer franchise prospects to the franchisor may be required to register as franchise brokers under the laws of the State of Washington.

19. **Financial Assurance.** In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens with a multi-unit purchase, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the Franchise Agreement and Franchisee is open for business with respect to each such location.

20. **Other Fees.** Item 6, the "Remarks" column for "Field Service Software" in the Other Fees chart of this Disclosure Document is modified as follows:

"Payable to our vendor. See Note 7. If this amount is charged directly by the vendor, the fee may increase up to the amount charged by the vendor periodically. If we charge this fee, it will be subject to the 10% annual cap in Note 11."

21. **Increases.** Item 6, Note 11 of this Disclosure Document is modified as follows:

11. **Increases.** We will not increase this fee or other amount more than once per calendar year and we will not increase this fee or other amount by more than 10% of the then-current fee or amount. Adjustments are compounded annually and cumulative including increases in any given year of greater than 10% to adjust for prior years when no increase was implemented or an increase of less than 10% was implemented. We will give you 30 days' notice of any change to this fee or other amounts.

WASHINGTON ADDENDUM TO THE
FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

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

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 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. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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. Franchisees that receive financial incentives to refer franchise prospects to the franchisor may be required to register as franchise brokers under the laws of the State of Washington.

19. **Financial Assurance.** In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens with a multi-unit purchase, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the Franchise Agreement and Franchisee is open for business with respect to each such location.

20. **Hold Harmless.** Section 25(e) of the Franchise Agreement is hereby deleted in its entirety.

21. **Waiver of Claims.** Section 3(B)(vi) of the Conditional Consent to Transfer Agreement is amended by adding the following language at the end:

Nothing contained herein constitutes a waiver of rights the Franchisee may have to bring actions against the Franchisor under state and federal law. Franchisee is not precluded from filing complaints with state and federal regulators.

22. **Waiver of Liability.** Section 34 of the Franchise Agreement is hereby deleted in its entirety.

Nothing set forth in the Franchise Agreement shall waive any liability Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____day of _____, 20____.

PHP Franchise, LLC

_____

Prospective Franchisee

_____

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WISCONSIN

Franchise Disclosure Document for PHP Franchise, LLC for use in the State of Wisconsin shall be amended as follows:

Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17 disclosures:

"To the extent that the provisions regarding renewal described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice of termination and 60 days within which to remedy any claim deficiencies), the renewal provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect."

"To the extent that the provisions regarding termination described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claim deficiencies), the termination provision will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect."

"Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law."

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WISCONSIN

THIS ADDENDUM (the "Addendum") is effective as of _, 20_____, and amends the Franchise Agreement dated _____, 20____(the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____.

1. Section 3 of the Agreement, under the heading "Term", shall be supplemented by the addition of a new final paragraph as follows:

"To the extent that the provisions of Section 3 regarding renewal are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claims deficiencies), said renewal provision will be superseded by the requirement of the Wisconsin Fair Dealership Law and will have no force or effect."

2. Section 14 of the Agreement under the heading "Termination of the Franchise", shall be supplemented by the following new subparagraph entitled "Termination Rights under Wisconsin Law:

"To the extent that the provision of Section 14 regarding termination are inconsistent with requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), said termination provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect."

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____

By: _____

EXHIBIT E

FORM OF CONDITIONAL CONSENT TO TRANSFER AGREEMENT

PHP FRANCHISE, LLC

CONDITIONAL CONSENT TO TRANSFER AGREEMENT

THIS CONDITIONAL CONSENT TO TRANSFER AGREEMENT (the "Agreement") is made and entered into on this ___ day of _____ (the "Effective Date"), by and between PHP FRANCHISE, LLC, a Delaware limited liability company, having its principal place of business at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 ("Franchisor"), and _____ ("Franchisee"), and _____, both individuals OR CORPORATION OR LLC with a primary residence or principal place of business at _____ ("Transferee") (each a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, a Franchise Agreement dated _____ (the "Existing Franchise Agreement"), was executed by and between Franchisee and Franchisor for the operation of a franchise location known as _____(the "Franchise"); and

WHEREAS, each owner of Franchisee has entered into a Guaranty whereby they have personally guaranteed the performance of Franchisee's obligations under the Franchise Agreement; and

WHEREAS, Franchisee wishes to sell, assign and transfer, and Transferee wishes to buy, assume and receive, all of Franchisee's rights, obligations and assets relating to the Existing Franchise Agreement and the Franchise (collectively, the "Transfer"), as set forth in that Agreement between Franchisee and Transferee with effect as of the Transfer Date (the "Purchase Agreement"); and

WHEREAS, Franchisor has been notified of Franchisee's desire to sell the Franchise to Transferee and Franchisee has requested that Franchisor consent to the Transfer under Section 17 of said Existing Franchise Agreement, or exercise its right of first refusal; and

WHEREAS, as a condition to the Transfer, Transferee will execute Franchisor's then-current Franchise Agreement for a Franchise (collectively, the "New Franchise Agreement"), and the Existing Franchise Agreement will be terminated in accordance herewith; and

WHEREAS, Franchisor is willing to grant its consent to the proposed sale and transfer, subject to the terms and conditions in this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the Parties hereto, the Parties agree as follows:

1. Condition Precedent. It is a necessary condition precedent to the performance of all obligations of all parties to this Agreement, specifically the grant of Franchisor's consent, that the Transferee and Franchisee enter into the Purchase Agreement and that they complete the Transfer on the Transfer Date. If the Transfer is not completed on the Transfer Date, or on such alternate date as agreed upon by all parties in writing, this Agreement is void and Franchisor's consent is revoked.

2. Conditions of Transfer. As a condition of Franchisor's consent, Transferee and Franchisee collectively represent and warrant the following regarding the performance of the Transfer:

A. On the Transfer Date, Franchisee will transfer either all of the stock, shares, interests or other form of equity in Franchisee ("Franchisee Equity"), or substantially all Franchisee's assets related to the operation of the Franchise, including but not limited to vehicles, facilities, equipment, inventory, uniforms, marketing materials, social media accounts, contracts, accounts receivable/payable, and customer data (the "Franchise Assets") to Transferee. As of the Transfer Date, Transferee shall either have all right, title to and interest in the Franchise Assets, or control of the Franchisee Equity.

B. [Transferee / Franchisee] shall pay to the Franchisor the Transfer Fee of **[AMOUNT]** on the Transfer Date.

C. [OPTIONAL CLAUSE] No later than [DATE], the [Transferee / Franchisee] will make improvements to the Franchise Assets as directed by Franchisor to meet Franchisor's prevailing design and branding criteria and will pay all costs, fees and expenses related to or arising out of the improvements.

D. Franchisee and Transferee acknowledge and agree that they have negotiated the Transfer without involvement by Franchisor and that, except for the preparation and execution of this Agreement for the purpose of exercising Franchisor's right to consent, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, and has no obligations for, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with this transfer.

3. Obligations and Representations. As a further condition of Franchisor's consent, Franchisee and Transferee separately represent and warrant the following:

A. Transferee Obligations and Representations. Transferee represents and warrants that:

i. Transferee has received disclosure of all franchise documents, including the New Franchise Agreement and Franchisor's FDD, and that it has reviewed and acknowledged disclosure and receipt of the same.

ii. Transferee, not later than the Transfer Date, will execute Franchisor's New Franchise Agreement and all related and ancillary documents.

iii. Transferee has complied, and will continue to comply, with all requirements of the Franchisor, including participation in training, purchasing inventory and equipment, updating fixtures and other preparations for operating the Franchise beginning on the Transfer Date, or at such other time as Transferee and Franchisor may agree.

iv. If necessary for the continued operation of the Franchise, Transferee has entered into a lease or taken assignment of an existing lease or entered into a sublease for or purchased the premises of the Franchise, effective as of the Transfer Date, and has provided evidence of such lease, sublease, assignment or purchase to the Franchisor in a form satisfactory to Franchisor. It is not the expectation of the Parties that Transferee will take possession of Franchisee's personal residence, if such residence is used as the premises of the Franchise, but rather that Transferee shall be obligated to find a new premises for the continued operation of the Franchise no later than the Transfer Date.

B. Franchisee Obligations and Representations. Franchisee represents and warrants that:

i. Franchisee agrees that the Existing Franchise Agreement will terminate as of the Transfer Date. All post-termination obligations under the Existing Franchise Agreement, and all obligations of the Guarantors

under their individual Guaranty, shall remain in full force and effect after the Transfer Date, until they expire according to their terms.

ii. Franchisee has complied, and will continue to comply, with all obligations under the Existing Franchise Agreement, including but not limited to payment of all amounts due and owing to the Franchisor, whether under the Existing Franchise Agreement or any other agreement, and, where necessary, the return of customer data and trademarked and proprietary materials to Franchisor.

iii. Franchisee is not in default of the Existing Franchise Agreement, or, to the extent Franchisee is in default, Franchisor and Franchisee have agreed in a separate writing on the resolution of such default.

iv. Franchisee has no right or title to the Trademark Assets and has not represented to Transferee or any other person, natural or fictitious, that it has right or title to the Trademark Assets. Franchisee has not entered into any agreement to sell or transfer the Trademark Assets. As of the Transfer Date, Franchisee will cease to identify itself or any other business it operates (excluding other Heating + Air Paramedics franchises owned by the Franchisee) as a current or former Heating + Air Paramedics franchise and will cease to use any Trademark Asset, including any Heating + Air Paramedics trademark, trade name or trade dress, or any colorable imitation of the same, or other indicia of a Heating + Air Paramedics franchise in any manner or purpose. "Trademark Assets" means all trade names, trademarks and trade dress of the Heating + Air Paramedics system, including the name "Heating + Air Paramedics" and any forms, slogans, signs, symbols, devices or other materials bearing the name "Heating + Air Paramedics". This representation shall not apply to any franchise locations operated by Franchisee after the Transfer Date under the terms of other, active franchise agreements with Franchisor.

v. Franchisee will continue to operate the Franchise until the Transfer Date. Franchisee shall remain obligated to pay Franchisor any amounts due and owing under the Franchise Agreement that arise on or before the Transfer Date.

vi. As of the Transfer Date, Franchisee has no security interest in the Franchise Assets or any assets related to the business of the Franchise, that are the subject of the Transfer, and no such security interest in the same will exist at any time after the Transfer Date. Franchisee waives any rights it has, had or ever will have to foreclose on, levy upon or repossess the Franchise Assets or any assets related to the business of the franchise that are the subject of the Transfer.

vii. Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns, will not make any disparaging, derogatory or negative comments, statements or other communications, orally, in writing, or in any medium, to any person or organization about Franchisor or the Heating + Air Paramedics system or any parties or persons associated therewith, nor take any action that could have the effect of damaging the reputation of Franchisor, the Heating + Air Paramedics system or any parties or persons associated therewith.

4. Release. In consideration for Franchisor's consent, Franchisee, for itself, its affiliates, and its successors and assigns, hereby remises, releases and forever discharges Franchisor, its affiliates, successors and assigns, as well as the shareholders, members, principals, officers, directors, employees, attorneys, agents, heirs and executors of Franchisor, its affiliates, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, demands, losses, actions, causes of action, suits, accounts, covenants, contracts, warranties, agreements, damages and any and all claims, demands and liabilities whatsoever, of every name and nature, both in law and in equity, including without limitation causes of action arising out of alleged conspiracy, violations of any contract, express or implied, any covenant of good faith and fair dealing, *quantum meruit*, or any federal, state or municipal statute, regulation or

ordinance, that the Franchisee, its affiliates, successors or assigns may now have or ever had against the Released Parties, whether under this Agreement, the Existing Franchise Agreement, or any other agreement, transaction, relationship, duty, obligation or in any other form, known and unknown, from the beginning of the world until the Transfer Date, it being the intent of the Franchisee to grant in favor of the Released Parties hereby a general release. Without otherwise limiting the generality of the foregoing release, the foregoing release will not apply to obligations of Franchisor to Franchisee specifically set forth in this Agreement.

A. [IF FRANCHISE IS IN MARYLAND] The foregoing release shall not be construed to release any of Franchisees claims or rights to claims under the Maryland Franchise Registration and Disclosure Law, if such release is in contravention of the Maryland Franchise Registration and Disclosure Law.

B. [IF FRANCHISEE IS A CALIFORNIA CORP OR DOMICILED IN CALIFORNIA] The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

Franchisee expressly waives the provisions of Section 1542 of the California Civil Code and expressly releases each parties to be released from all liability or claims arising out of any matters recited in the release.

C. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

5. Franchisor Consent and Representations. Under Section 17 of the Existing Franchise Agreement, the Transfer cannot take place without the consent of Franchisor. Contingent upon Franchisee's and Transferee's compliance with the terms and conditions of this Agreement, on or before 12:01 am of _____(the "Transfer Date"), Franchisor consents, represents and warrants as follows:

A. Franchisor consents to the Transfer.

B. Franchisor waives its right of first refusal under Section 17 of the Existing Franchise Agreement.

C. Franchisor has reviewed the suitability of Transferee as a franchisee and Transferee has demonstrated to the sole satisfaction of Franchisor that the Transferee has the financial resources, character and ability to operate the Franchise.

D. Franchisor directs Franchisee to deliver to Transferee at the Transfer Date, for Transferee's use in accordance with the terms of the New Franchise Agreement, any and all physical Trademark Assets in the possession of Franchisee.

6. Singular Consent. Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and will not be construed as providing, Franchisor's consent

with regard to a transfer of any right or interest under any other agreement not specifically identified herein. Such consent must be separately obtained.

7. Changed Circumstances. Franchisee and Transferee understand and acknowledge that Franchisor may, in the future, approve transfers under different terms, conditions and policies than those stated in this Agreement. Franchisor's consent and waivers of the right of first refusal under this Agreement will not be relied upon in future transactions as indicative of Franchisor's position or the conditions which might be attached to future consents or waivers of its right of first refusal.

8. Indemnification.

A. Franchisee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Franchisee, jointly and severally with Transferee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Franchisee and Transferee regarding the Transfer.

B. Transferee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Transferee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Transferee, jointly and severally with Franchisee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Transferee and Franchisee regarding the Transfer.

9. Non-Disclosure. Franchisor, Franchisee and Transferee agree to treat the existence and terms of this Agreement, the transactions contemplated hereby, and any communications, documents or agreements in connection herewith as "Confidential Information" as defined in the Existing Franchise Agreement and New Franchise Agreement, respectively, and to abide by the obligations contained in the Existing Franchise Agreement and New Franchise Agreement with respect thereto.

10. Additional Representations and Warranties. Franchisor, Franchisee and Transferee, separately and for themselves individually, represent and warrants that as of the Transfer Date: (i) it is a legal entity duly organized and validly existing under the laws of its state and/or country of incorporation, as applicable; (ii) it has the power and authority to enter into and accept the terms and conditions of this Agreement, (iii) as a corporation or limited liability company it has duly authorized its representative and that each such representative has the right and authority to enter into and to accept the terms and conditions of this Agreement on behalf of the corporation or limited liability company; and (iv) the execution, delivery and performance by it of this Agreement and its compliance with the terms and provisions hereof does not and will not conflict with or result in a breach of any other agreement or relationship by a party with any other party.

11. Severability. If any provision of this Agreement will be declared illegal or unenforceable, in whole or in part, for any reason whatsoever, the remaining provisions are nevertheless deemed valid and binding.

12. Waiver. The waiver by any Party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof.

13. Entire Understanding. This Agreement sets forth the entire understanding of the Parties for the subject matter hereof, and may be amended only by a writing signed by all Parties hereto. This Agreement will be binding upon each signatory, and their respective heirs, executors, successors and assigns.

14. Governing Law; Jurisdiction. This Agreement will be governed by the laws of the State of Ohio without application of the principles of conflicts of law. It is hereby agreed that any and all claims, disputes or controversies whatsoever arising from or in connection with this Note, shall be commenced, filed and litigated, if at all, in the state and federal courts of competent jurisdiction located in Cleveland, Ohio, or if venue does not lie in such courts only in a court of competent jurisdiction within Cuyahoga County, Ohio unless the conduct of such litigation is not within the subject matter jurisdiction of such court. The parties waive all questions of personal jurisdiction, convenience of forum and venue for purposes of carrying out this provision.

15. Electronic Signature. This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the Effective Date.

FRANCHISOR:

PHP FRANCHISE, LLC

By: _____
Its: _____

FRANCHISEE:

_____
[enter name of corporate entity]

By: _____
Its: _____

TRANSFEREE:

_____
[enter name of corporate entity]

By: _____
Its: _____

EXHIBIT F

LIST OF CURRENT AND FORMER FRANCHISEES AS OF DECEMBER 31, 2025

LIST OF CURRENT FRANCHISEES

NAME	TERRITORY	ADDRESS	STATE	PHONE #	# OF TERRITORIES
ARIZONA					
Andrea Matthews	Tucson, AZ	16014 S. Camino Casal, Sahuarita, AZ 85629	AZ	(520) 262-3952	1
FLORIDA					
Luis E. Calixto Alberto	West Pasco, FL	8543 Berkely Drive Hudson, FL 34467	FL	(786) 419-1759	1
INDIANA					
Ryan Carpenter	Indianapolis, IN	9750 E. 150th Street Suite 500 Noblesville, IN 46060	IN	(317) 456-0177	11
MISSOURI					
David Pridgen Kelly Pridgen	Ozark, MO	101 Palomino Pass Saddlebrooke, MO 65630	MO	(417) 689-4822	2
NORTH CAROLINA					
Mohit Tinani	Raleigh, NC	7509 Latteri Court Raleigh, NC 27613	NC	(919)-247-5396	3
SOUTH CAROLINA					
Kashun K. Twitty	Greenville, SC	297 Garlington Road Suite G Greensville, SC 29615	SC	(864) 376-7223	2
TEXAS					
Rajib Joardar	Austin, TX	104 Carrington Street Hutto, TX 78634	TX	(214) 236-6561	1
Clint & Laura Smith	Waco, TX	712 Jefferson Way McGregor, TX 76657	TX	(254) 424-4744	1

LIST OF FRANCHISEES WITH FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT OPEN AS OF DECEMBER 31, 2025

NAME	TERRITORY	ADDRESS	STATE	PHONE #	# OF TERRITORIES
GEORGIA					
Jutiny Logan	Hiram GA	149 Hiram Industrial Drive Suite 109 Hiram, Ga 30141	GA	(317) 646-7190	2
TEXAS					
Clint & Laura Smith	Waco, TX	712 Jefferson Way McGregor, TX 76657	TX	(254) 424-4744	1
Rajib Joardar	Austin, TX	104 Carrington Street Hutto, TX 78634	TX	(214) 236-6561	2
Derek Wilfong	Denton, TX	10652 Fincher Road Argyle, TX 76226	TX	(501) 681-2337	2
Treveon Carter	Waxahachie, TX	920 East Danbury Drive DeSoto, TX 75115	TX	(469) 215-5334	1

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2025

The following is a list of former franchisees that have ceased to do business under the franchise agreement or had an outlet terminated, transferred, canceled, not renewed, within the last fiscal year or who has not communicated with the franchisor within 10 weeks of the issuance date.

NAME	TERRITORY	CITY	STATE	PHONE #	# OF TERRITORIES
CALIFORNIA					
Andrea Holloway Clinton Holloway	Huntington Beach, CA	19612 Tibbett Lane Huntington Beach, CA 92646	CA	(562) 673-0317	1
GEORGIA					
Korey Middleton*	Macon, GA	3043 Bethune Avenue Macon, GA 31211	GA	(478) 332-4237	1

* Franchise did not open

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

EXHIBIT G

CONVERSION FRANCHISE ADDENDUM

This Conversion Addendum (the "Addendum") is made and entered into as of _____, between PHP FRANCHISE, LLC, a Delaware limited liability company (hereinafter, "Franchisor"), and _____ whose principal address is _____, an individual/business entity organized in the State of _____ (hereinafter, " Conversion Franchisee"). Collectively Franchisor and Conversion Franchisee are the "Parties". The Parties agree as follows:

1. Conversion Franchisee presently owns and operates a heating and air conditioning services business similar, if not identical, to the Heating + Air Paramedics franchises offered by Franchisor, has done so for a period of not less than twelve (12) continuous months, and has achieved gross sales in excess of $250,000 during the most recent 12 month period.

2. The Parties have entered into a Franchise Agreement for the operation of a Heating + Air Paramedics franchise with an effective date as of the date hereof (the "Franchise Agreement").

3. This Addendum shall amend the Franchise Agreement. In the event of a conflict between the terms, covenants, and conditions of this Addendum and the Franchise Agreement, the terms of this Addendum shall be controlling with respect to the subject matter thereof. All other terms and conditions of the Franchise Agreement are unaltered hereby, and remain in full force and effect. Except as expressly amended hereby, the Franchise Agreement shall continue in full force and effect. Any capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Franchise Agreement.

4. Franchisor waives its right to payment of the Initial Franchise Fee.

5. For the first twenty-four (24) calendar months after the date of the Franchise Agreement, the Continuing Royalty will be two percent (2%) of Conversion Franchisee's monthly Gross Sales, or One Thousand Five Hundred Dollars ($1,500) per month, whichever is greater. The minimum Continuing Royalty of $1,500 will be applicable immediately as of the Effective Date of the Franchise Agreement.

6. Conversion Franchisee shall have ninety (90) days from the Effective Date of the Franchise Agreement to re-brand its existing business as a Heating + Air Paramedics franchise, including but not limited to wrapping vehicles, changing interior and exterior signage, updating social media or website platforms, and updating uniforms and equipment.

7. Conversion Franchisee shall provide Franchisor with all requested information regarding the facility from which the Conversion Franchisee will operate and will take all necessary steps to remodel, renovate or improve the facility to ensure that the facility complies with all of Franchisor's standards and specifications.

8. Conversion Franchisee must provide Franchisor a list of all of its customers (including, but not limited to customer addresses and such other information Franchisor requests) as of the Effective Date. If any customers are located in territories of other Heating + Air Paramedics franchisees, Franchisee must transfer those extra-territorial customers to the franchisee in whose territory the customers are located not later than two (2) years after the Effective Date. Failure to transfer those customers after such time period is a breach of the Franchise Agreement. This breach may be cured

by the payment to the franchisee to whom such customer was required to be transferred of all Gross Sales (as defined in the Franchise Agreement) from the customers that should have been transferred and the payment to Franchisor of a fee equal to 5% of the Gross Sales of such customers, in each case generated during the time Franchisee serviced such customers after the two (2) year time period discussed above.

9. Conversion Franchisee shall have ninety (90) days from the Effective Date of the Franchise Agreement to terminate all business relationships with unapproved suppliers or vendors and to dispose of any unapproved products and replace such products with products approved by Franchisor. Conversion Franchisee shall during this time period notify all existing customers to whom it is providing unapproved services and take all necessary steps to convert those customers to Heating + Air Paramedics services or to terminate the business relationship with those customers.

10. Conversion Franchisee may benefit from financial or other benefits provided by Franchisor's approved suppliers; such benefits or financial incentives shall accrue only from the date hereof and shall be pro-rated if necessary.

11. Conversion Franchisee acknowledges, warrants and represents to Franchisor that:

    a. Conversion Franchisee is not subject to any covenant against competition.

    b. Conversion Franchisee is not an exclusive dealer, distributor, licensee or franchisee of any competitor business to Franchisor.

    c. Conversion Franchisee acknowledges that by virtue of the terms and conditions of the Franchise Agreement and this Addendum the manner and operation of its business must be in strict compliance with Franchisor's standards and specifications and further acknowledges that its ability to directly or indirectly engage in any other business which offers or sells services or products which compete with the products or services authorized by Franchisor is prohibited.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first set forth above.

FRANCHISOR:

PHP FRANCHISE, LLC

By:_____

CONVERSION FRANCHISEE:
[INSERT NAME OF FRANCHISEE]

Name: _____
Title: _____

EXHIBIT H

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Heating + Air Paramedics Franchise Operations Manual

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State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	PENDING
Hawaii	PENDING
Illinois	PENDING
Indiana	PENDING
Maryland	PENDING
Michigan	April 10, 2026
Minnesota	PENDING
New York	PENDING
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	April 10, 2026

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller- assisted marketing plans.

RECEIPT (Our Copy)

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PHP Franchise, 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.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any franchise or other agreement or the payment of any consideration, whichever occurs first.

If PHP Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit A.

The Franchisor is PHP Franchise, LLC, located at 17700 Saint Clair Avenue, Cleveland, Ohio 44110. Its telephone number is (888) 508-6938.

The name, principal business address and telephone number of each franchise seller offering the franchise is: _____, 17700 Saint Clair Avenue, Cleveland, Ohio 44110, (888) 508-7826.

Franchise Seller:

_____

Name/Address/Telephone Number

Franchise Seller:

_____

Name/Address/Telephone Number

Issuance Date: April 10, 2026

See Exhibit A for our registered agents authorized to receive service of process.

I received a disclosure document dated April 10, 2026 that included the following Exhibits:

A. Franchisor's Agents for Service of Process and State Franchise Administrators	E. Form of Conditional Consent to Transfer Agreement
B. Financial Statements and Guarantee	F. List of Current and Former Franchisees
C. Franchise Agreement and Exhibits	G. Conversion Franchise Addendum
D. State Specific Addenda	H. Table of Contents of Operations Manual

Date: _____ (Do not leave blank)

Signature of Prospective Franchisee

_____

Print Name _____

Please sign this copy of the receipt, date your signature, and return it to PHP Franchise, LLC, 17700 Saint Clair Avenue, Cleveland, OH 44110.

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Signature of Prospective Franchisee

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Print Name _____

Please sign and date your signature. KEEP THIS COPY FOR YOUR RECORDS. 4897-4514-6775, v. 10