

FRANCHISE DISCLOSURE DOCUMENT

FIBRENEW®

Experts in Leather, Plastic & Vinyl Restoration

FIBRENEW USA LTD.

An Alberta corporation

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The franchisee will operate a mobile service, which repairs, re-dyes, cleans and restores leathers, vinyls, velours, fabrics, and plastics.

The total investment necessary to begin operation of a Fibrenew franchise is \$97,825 to \$111,695. This includes \$89,000 that must be paid to the franchisor or affiliate.

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

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

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

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

Issuance Date: December 5, 2022

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 Exhibits D-1 and D-2.
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 Fibrenew 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 Fibrenew franchisee?	Item 20 or Exhibits D-1 and D-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. 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, arbitration and/or litigation only in Calgary, Alberta, Canada. 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 Calgary, Alberta, Canada than in your own state.
2. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business
3. **Inventory Control.** You must make inventory and supply purchases of at least \$2,500 each year, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY
MICHIGAN FRANCHISE INVESTMENT LAW ONLY

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

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number: (517) 335-7567

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Multi-Unit Development Agreement and Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

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EXHIBITS:

- 1 Specific State Disclosures
- A State Administrators and Agents for Service of Process
- B: Financial Statements
- C-1: Franchise Agreement
 - Attachments:
 - 1: Exclusive Territory
 - 2: Authorization Agreement for Prearranged Payment
 - 3: Start-Up Package
 - 4: Conditional Assignment of Telephone Numbers
 - 5: Non-disclosure and Non-competition Agreement
 - 6: Personal Guaranty
 - 7. State Addenda
 - 8. Technical Assistance Fee Schedule
- C-2: General Release of All Claims
- C-3: Non-Disclosure Agreement for Viewing Manual
- D-1: Roster of Franchisees
- D-2: Roster of Former Franchisees
- E-1: Receipt (Your copy)
- E-2: Receipt (Fibrenew's copy)

FIBRENEW®
FRANCHISE DISCLOSURE DOCUMENT

ITEM 1.

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The purpose of this disclosure document is to familiarize you with important legal and business aspects of Fibrenew USA Ltd., a franchisor, and of the franchise it offers to qualified individuals. To simplify the language, we will refer to Fibrenew USA Ltd. as “**Fibrenew**,” “**we**” or “**us**” and the person or company that buys a franchise from us as “**you**.” The word “you” does not include your owners, who will be described as “Related Parties.” If you are a corporation, limited liability company or other entity, your owners must sign the Non-disclosure and Non-competition Agreement and Personal Guaranty attached to the Franchise Agreement (Attachments 5 & 6), which means that all provisions of the Franchise Agreement also will apply to your owners. “**Affiliate**” means a company controlled by, controlling, or under common control with us. For purposes of this Item 1 only, “Affiliate” further means that the company to which it refers offers franchises in any line of business or provides products or services to our franchisees. Terms that are defined in the Franchise Agreement or other attached agreements begin with capital letters in this disclosure document, except for the word “you,” which will begin with a capital “Y” or a lower-case “y” depending on its position in the sentence.

The Franchisor. We are an Alberta corporation that was organized in Canada on September 20, 2005. We are in the business of granting franchises and providing initial and ongoing support to our franchisees. Since October 20, 2017, our principal business office has been located at 101 & 105, 220 - 3RD Street, Black Diamond, Alberta T0L 0H0 Canada. Our mailing address is Box 117, Black Diamond, Alberta T0L 0H0 Canada. The names and addresses of our agents for service of process are stated in Exhibit A to this disclosure document. We do business under the trade name “Fibrenew” or our full corporate name. We have never done business under any other name. Neither we nor any of our affiliates currently operate any Fibrenew businesses.

Our Predecessor and Parent Company. Our predecessor and parent company, Fibrenew International Ltd. (“**Fibrenew International**”), was organized in Canada on September 15, 1998. Since October 20, 2017, Fibrenew International’s principal business office has been located at 101 & 105, 220 - 3RD Street, Black Diamond, Alberta T0L 0H0 Canada. Our mailing address is Box 117, Black Diamond, Alberta T0L 0H0 Canada. Fibrenew International offered Fibrenew franchises in the United States from January 1999 through September 2005. Effective September 30, 2005, Fibrenew International granted to us the non-exclusive license to grant Fibrenew franchises in the United States. Fibrenew International grants franchises and provides initial and ongoing support to international franchisees and has a master franchise agreement with unrelated entities in New Zealand and each of the unrelated entities has franchise agreements with Fibrenew franchisees in that country. Fibrenew International has never offered franchises in any other line of business and has never done business under any other name.

Our Affiliates. Fibrenew Industries Ltd. (“**FIL**”), an affiliate, was first organized in Ontario, Canada on October 14, 1985. It was reincorporated in the Province of Alberta on October 31, 1995. After two corporate reorganizations – one on December 31, 1995 and another on December 31, 2001, various corporations were amalgamated into the Fibrenew Industries Ltd. that is in operation today. FIL is in the business of granting franchises and providing initial and ongoing support to Canadian franchisees. FIL's address is the same as Fibrenew's and Fibrenew International's address. FIL has never done business under any other name, and it has never engaged in any other line of business. FIL has no predecessor company. FIL does not provide any items or services to our franchisees but has offered Fibrenew franchises in Canada since 1987. FIL has never granted any other franchise.

We have no affiliates who provide products or services to our franchisees.

Franchising History. We have been offering franchises since January 2006. We have never granted any other franchise. There are more than 300 Fibrenew franchises worldwide, including franchises in Canada, Chile, the Kingdom of Saudi Arabia, Mexico, New Zealand and the United States of America.

The Franchised Business. The business you will operate under the Franchise Agreement is a mobile service that repairs, cleans, re-dyes and restores leathers, vinyls, velours, and plastics (collectively, the “**Surfaces**”) under our trademarks, service marks, trade dress, color schemes and logos (collectively, the “**Marks**”) and using our distinctive programs, procedures, protocols, standards, manuals and other confidential business systems, practices and materials (collectively, the “**System**”). The business operated under our System and Marks is referred to in this disclosure document as the “**Franchised Business**”. We do not collect a royalty fee based on a percentage of your sales; please refer to Item 6 for reference to the required monthly fee. We have never operated a business of this type, but our CEO, Michael Wilson, did from October 1987 until he sold the business to another franchisee in January 1997.

Market and Competition. The market for the services you will offer is the general public, but you may find it more efficient to work through commercial entities such as car dealers, auto body shops, private aircraft companies, marinas, moving companies, furniture retailers, restaurants and insurance companies. The automotive sector alone fully occupies some of FIL's Canadian franchisees. Residential customers constitute a secondary market.

Competition with the Franchised Business consists generally of others engaged in repair and restoration of leathers, vinyls, velours, and plastics. Typically, Franchised Businesses are based out of home offices; however, a variety of other locations could also be suitable.

Industry-Specific Laws and Regulations. You must comply with all local, state, and federal laws and regulations that apply to operation of a Franchised Business. Our

System involves use of adhesives, water-based dyes and related supplies. As with any product used at work, OSHA regulations and the Federal Right-To-Know Law require that you and your employees or technicians be familiar with the Safety Data Sheet (“SDS”) for these materials. The SDS for these materials is included in the Start-Up Package and online, through our intranet. Normal operation of a Franchised Business may involve disposal of small quantities of unused supplies. As with other products, improper disposal of these materials may result in violation of federal, state and local laws and regulations. We are not aware of any other laws or regulations that are specifically applicable to the franchised business. We encourage you to consult with an attorney concerning these and other laws, regulations and ordinances that may affect operation of your Franchised Business.

ITEM 2. **BUSINESS EXPERIENCE**

Except as otherwise provided below, all positions are in Calgary, Alberta, Canada.

Michael Patrick Wilson, C.E.O.

Michael Patrick Wilson has held the position of CEO since January 2013 for both Fibrenew and Fibrenew International. He remains a Member of the Board of both companies to present. Michael Wilson also has been the President and Director of FIL since November 1994.

Russell Lampert, Member of the Board

Russell Lampert has held the position of Member of the Board since October 2018 for both Fibrenew and Fibrenew International, and is located in Portola Valley, California. From September 2013 to September 2018, he was President of both companies. Since 2001, he has been an independent consultant and private investor, providing financial consulting services to venture capital funded high-tech companies and investment management services for real estate and mining partnerships in Portola Valley, California.

Jesse Johnstone, President

Jesse Johnstone has held the position of President since July 2019 for both Fibrenew and Fibrenew International. From August 2017 to June 2019, he was our Vice President of Operations and from January 2014 to July 2017 was our Vice President of Technology for both companies. Jesse Johnstone has also served as the General Manager of FIL since July 2019.

Kelly Gregoryk, Member of the Board and Vice President of Administration

Kelly Gregoryk has held the position of Member of the Board since October 2018 and has held the position of Vice President of Administration since August 2014 for both Fibrenew and Fibrenew International.

**ITEM 3.
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4.
BANKRUPTCY**

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

**ITEM 5.
INITIAL FEES**

Initial Franchise Fee

(a) If you are purchasing a new FIBRENEW® Service franchise, then when you sign the Franchise Agreement, you will pay us an initial franchise fee of \$47,000. The initial franchise fee is not refundable.

(b) If you are renewing an existing FIBRENEW® Service franchise, then we will not charge you an initial franchise fee. However, you must pay us the renewal processing fee of \$500. The renewal processing fee is not refundable.

(c) If you are a buyer in a Resale (defined and described in Item 6, Note 3), then we will not charge you an initial franchise fee.

Start-Up Fee

(a) If you are purchasing a new FIBRENEW® Service franchise, then when you sign the Franchise Agreement, you will also pay us a start-up fee of \$42,000. The start-up fee is for reimbursement of our legal and administrative costs and classroom training costs, and for the purchase of the start-up package (which includes a mobile tablet device, a color recognition kit and an initial supply of all required Fibrenew products and supplies), as well as any of our legal expenses, selling and administrative costs, initial and post-sales training costs for 2 individuals in-person (but not travel and living expenses) or 3 individuals online. This fee is not refundable.

(b) If you are renewing an existing FIBRENEW® Service franchise, then we will not charge you a start-up fee.

(c) If you are a buyer in a Resale, then we will not charge you a start-up fee; however, your seller must pay us the resale fee of \$32,000 described in Item 6 below, which resale fee the seller typically passes on to the buyer directly or as part of the purchase price. The resale fee is not refundable.

If you are purchasing a new FIBRENEW® Service franchise, then before we will start your training, we must receive payment in full of the initial franchise fee and the start-up fee for a total of \$89,000. These fees are non-refundable. The initial franchise fee and start-up fee are payable to us in lump sum by wire transfer when you sign the Franchise Agreement.

We provide a 10% discount on the initial franchise fee of the purchase of a new FIBRENEW® Service franchise, to veterans of the Armed Forces who otherwise meet our criteria. To qualify for the discount, the veteran must (1) have a DD214, a hard copy of which must be emailed to Fibrenew before the Franchise Agreement is signed, (2) have been honorably discharged from service after serving for a minimum of 2 years, and (3) own at least 50% of the Franchised Business. “**Veteran**” means a person who received an honorable discharge, as evidenced by the U.S. Department of Defense.

During fiscal year ending September 30, 2022, the franchise fee we received from franchisees ranged from \$42,300 to \$47,000. The total initial fees (franchise fee plus start-up fee) we received from franchisees ranged from \$74,300 to \$79,000.

ITEM 6. OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS¹
Technical Assistance Fee	Varies, but not less than \$795 per month	Monthly, on the 1st day of each month	See Note 2.
Payment for Proprietary Products	Minimum of \$2,500 per year	When ordering	See Note 3.
Fee for Training for Additional People	Then-current fee (currently \$5,000)	Before training begins	No fee for training for you or your Designated Manager. Each additional trainee will be charged this fee.
Continuing Education	Generally, \$500 to \$1,000 per trainee per year (plus applicable taxes, travel costs and living expenses if training is in-person)	Before continuing education takes place	You must attend 1 seminar per calendar year either in person or online. However, you must attend a seminar in person at least once every 2 years. If training is done online, the cost indicated includes up to 3 individuals.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS ¹
Processing Fee for Renewal & Amendment	\$500	At the time you submit your renewal or amendment notice to us.	Payable when you choose to renew your franchise agreement for an additional term or amend your current franchise agreement with our approval
Administrative Fee for changes in ownership interests that are not considered "Resales"	\$500	Before change in ownership interests	Payable if you transfer ownership interests that are not considered to be "Resales." "Resales" are defined in Note 5 below.
Resale Fee for transfers that constitute a "Resale" (defined in Note 5 below)	Then-current resale fee (currently \$32,000)	Upon Resale	Payable if you choose to transfer all of your ownership interest of franchisee, the Franchised Business or its assets. The transfer fee includes the purchase of the start-up package containing a mobile tablet device, a color recognition kit and an initial supply of all required Fibrenew products and supplies, legal, selling and administrative costs, and classroom training costs for the buyer (up to 2 persons). This fee does not include travel and living expenses for the buyer during in-person classroom training.
Software application fees	Will vary under circumstances	Annually in October	This fee only applies if you are renewing an existing FIBRENEW® Service franchise that was established by you prior to February 26, 2018.
NSF or Late Payment Fee	\$45 per occurrence	Immediately upon occurrence	Payable if any payment due to us is not made by the due date.
Other Taxes	Amount assessed against us by federal, state and local tax authorities on any payments you make to us.	Upon demand	Includes sales, gross receipt, excise, use, franchise, state income and similar taxes (but not federal income taxes) assessed against us

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS ¹
Inspection Cost Recovery	Cost of inspection, plus related expenses.	Upon demand	Payable if you fail to fully cooperate with our inspectors
Indemnification Costs	Will vary under circumstances	As incurred	Payable if anyone asserts claims against us arising from your Franchised Business operations
Dispute Resolution Costs	Will vary under circumstances	As incurred	Payable if you fail to comply with the Franchise Agreement
Expenses of Analyzing Request for Additional Item, Service or Supplier	Our reasonable expenses we incur in our analysis	As incurred	Payable if you request us to approve any additional item, service or supplier
Liquidated damages	Varies	Upon demand	Payable if you terminate the Franchise Agreement without authorization or if we terminate due to your default. Liquidated damages are an amount of money equal to the monthly technical assistance fee times the number of months remaining in the term of the Franchise Agreement immediately prior to the termination, plus the annual product purchase requirement.

Notes:

1. All fees / costs are payable to us and uniformly imposed by us, except that we may vary fees / costs in connection with renewal of a franchise. None are refundable. We may require you to pay all amounts owed to us or our affiliates by electronic fund transfer, preauthorized auto draft arrangement (“EFT”), preauthorized credit card payments, or any other method we periodically specify. You must sign the documents we periodically specify to implement any EFT, credit card or other payment method, which may include our Authorization Agreement for Prearranged Payment (Direct Debits) and/or Authorization Agreement for Prearranged Payment (Credit Cards) attached to the Franchise Agreement as Attachments 2 and 2-A respectively.

2. We charge a monthly technical assistance fee as follows:

(a) If you are purchasing a new FIBRENEW® Service franchise, then on the 1st day of each month, you will pay us a monthly technical assistance fee of \$795 for the

current month. This fee will be waived for the month in which your initial training class begins and the immediately following 5 months under the agreement term. At the beginning of the 3rd year of the franchise term and at the beginning of each year of the franchise term from then on, the monthly technical assistance fee will increase by an amount equal to 5% of the monthly technical assistance fee for the year just ended (rounded up to the nearest 10 cents), and you will pay the newly increased monthly technical assistance fee for that new year.

(b) If you are renewing an existing FIBRENEW® Service franchise, then on the 1st day of each month after you complete training as required in Section 5.1 of the Franchise Agreement, you will pay us a monthly technical assistance fee in the amount we specify in an attached schedule to the Franchise Agreement. No fee waivers will be applied.

(c) If you are a buyer in a Resale, then on the 1st day of each month, you will pay us a monthly technical assistance fee in the amount we specify in an attached schedule to the Franchise Agreement. No fee waivers will be applied.

3. You must purchase Proprietary Products from us as follows:

(a) Our current price list for the sale of Proprietary Products to you is available in our online technical support resources. Except as otherwise provided below, you must purchase at least **\$2,500** of Proprietary Products each year. If you are signing the Franchise Agreement for a new Franchised Business, or are a buyer in a Resale, then this requirement is waived for the first year of your franchise term. For franchisees who are signing the Franchise Agreement for a new Franchised Business, or for Buyers in a Resale, product purchases made in the first year of the franchise term will not count toward any product purchase requirement for the second or subsequent year of the franchise term. We are entitled to increase this minimum purchase of Proprietary Products amount from time to time based on the CPI. “CPI” means the U.S. Consumer Price Index for All Items, Urban Consumers, All Cities Average, published by the U.S. Department of Labor, or if such Index is discontinued, an index of consumer prices published by the United States government or another reliable source we select. We have the right to require pre-payment in cash, electronic funds transfer, credit card charge, cashier's check, or other means of making funds immediately accessible to us. You must also maintain an account, in good standing, with the international shipping company that we designate and that we will use to ship Proprietary Products to you.

(b) If you are purchasing a new FIBRENEW® Service franchise, then your obligation to purchase Proprietary Products will not begin until the first anniversary of the Effective Date.

(c) If you are renewing an existing FIBRENEW® Service franchise, then your obligation to purchase Proprietary Products begins immediately.

(d) If you are a buyer in a Resale, then your obligation to purchase Proprietary Products begins on the first anniversary of the Effective Date.

4. We have no right to require franchisees to form local marketing cooperatives (though doing so has generally proven to increase brand awareness).

5. **"Resale"** means any sale, gift, transfer, assignment, delegation or other change in ownership of all or any part of the rights and obligations: 1) of the franchise agreement, 2) of your FIBRENEW® business, or 3) of an ownership interest in you of a magnitude at least as great as that described in this Note. If you are a partnership, then one or more transactions (regardless of whether or not they are related) in which there is a cumulative change in the rights to 50% or more of your capital or profits will be considered to be a Resale; if you are a corporation, then one or more transactions (regardless of whether or not they are related) in which there is a cumulative change in beneficial ownership of 50% or more of your voting stock will be considered to be a Resale; if you are a limited liability company, then one or more transactions (regardless of whether or not they are related) in which there is a cumulative change in beneficial ownership of 50% or more of your membership interest will be considered to be a Resale.

ITEM 7. **ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT					
TYPE OF EXPENDITURE	AMOUNT OR RANGE		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
	LOW	HIGH			
Initial Fee (Note 1)	\$47,000	\$47,000	Lump sum, unless otherwise arranged	4 weeks prior to training and when you sign the Franchise Agreement	Us
Start-Up Fee (Note 2)	\$42,000	\$42,000	Lump sum, unless otherwise arranged	4 weeks prior to training and when you sign the Franchise Agreement	Us
Liability Insurance – 1 year (Note 3)	\$800	\$2,285	As required by payee	As arranged	Approved national insurance broker
Vehicle Insurance – 1 year (Note 3)	\$800	\$3,860	As required by Payee	As Arranged	Insurance broker

YOUR ESTIMATED INITIAL INVESTMENT					
TYPE OF EXPENDITURE	AMOUNT OR RANGE		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
	LOW	HIGH			
Organizational Expenses (Note 4)	\$200	\$2,000	As required by payee	As arranged	Lawyer, accountant
Training / Travel Expenses (Note 5)	\$0	\$2,500	As required by payee	As arranged	Restaurants, hotels, transportation providers for online or in-person classroom training
Office Equipment (Note 6)	\$0	\$1,000	As required by payee	As arranged	Vendors
Work Vehicle with Fuel – 6 months (Note 7)	\$2,400	\$4,100	As required by payee	As arranged	Dealer
Vehicle Signs (Note 8)	\$3,075	\$3,450	As required by payee	As arranged	Suppliers
Internet and Wireless Access – 6 months (Note 9)	\$300	\$600	As required by payee	As arranged	Internet service provider
Business Licenses / Permits (Note 10)	\$50	\$200	As required by payee	As arranged	Governmental units
Office or Storage Area (Note 11)	Unable to estimate	Unable to estimate	As required by payee	As arranged	Landlord
Internet Marketing – 6 months (Note 12)	\$1,200	\$1,200	As required by payee	As arranged	Google
Additional Funds – 6 months (Note 13)	\$0	\$1,500	As required by payee	As arranged	Various
Total (Note 14)	\$97,825	\$111,695			

Notes:

1. Initial Fee. Item 5 describes the initial franchise fee payable to us before you begin the Franchised Business. See Item 5.
2. Start-Up Fee. Item 5 describes the start-up fee that you will pay us before you begin operation of your Franchised Business. The start-up fee of \$42,000 covers the cost of the start-up package (which includes a mobile tablet device, a color recognition kit and an initial supply of all required Fibrenew products and supplies), as well as our legal expenses, selling and administrative costs, training costs for up to 2 persons in-person (but not travel and living expenses) or 3 persons online.
3. Insurance. These figures assume that you pay a full year's premium for general liability insurance with limits of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate, including garage keepers coverage (required for all work in the automotive and recreational vehicle markets) and coverage for your work vehicle, hired/non-owned auto liability coverage, miscellaneous tools and equipment coverage, and business personal property (which includes equipment, furniture, fixtures and inventory that you own, use or rent inside your work space) coverage. The designated insurance broker may recommend additional coverage based on your state and other information you provide.
4. Organizational Expenses. We do not require you to consult an attorney or an accountant, but we recommend that you do. Professional fees can vary substantially, based on the professional's location, experience, expertise and other factors.
5. Training / Travel Expenses. You are responsible for your own transportation, lodging, meals and incidental expenses during online classroom training or in-person classroom training in Calgary, AB Canada. For in-person training, the high estimate assumes \$140-\$745 airfare plus \$1,360-\$1,755 for meals, lodging and incidental expenses. For online training, the low estimate assumes no expenses for travel and training.
6. Office Equipment. The low estimate assumes that you will use an existing cell phone and computer for your business. The high estimate assumes that you will purchase a smart phone (or acquire a smart phone for free by signing up for new service) and purchase or lease a basic computer system or tablet computer for internet access. One mobile tablet device (e.g., iPad) is included in the initial franchise purchase.
7. Work Vehicles. Your work vehicle(s) must present a professional appearance and must be licensed and insured. You must obtain our approval of your work vehicle(s) before beginning operation of the franchised business or upon renewal

of your FIBRENEW® Service. The low estimate assumes you will use your personal vehicle as your work vehicle. The high estimate assumes you will lease a used vehicle, with a \$500 down payment and monthly lease payments of \$200. Both estimates include \$400 per month for vehicle maintenance and fuel costs during the first 6 months of operations.

8. Vehicle Signs. Before beginning operations or upon renewal, you must have all required vehicle wraps and signs applied to your work vehicle(s), exactly according to our specifications. The low estimate for production and installation is \$3,075 and the high estimate is \$3,450, based on a typical vehicle size of a Ford Transit. This estimate covers cost of full wrap including necessary window perf coverage and excluding the roof area. Installation costs may vary depending on your location. The high estimate is based on information from our approved production vendor based in New Jersey.
9. Internet and Wireless Access. You will need access to the internet and wireless 3G, 4G or 5G network (via a smart phone and tablet computer) to make full use of the color recognition device and technical support we provide through our online library of technical materials and discussion board.
10. Business Licenses / Permits. You must obtain all necessary permits and licenses required by applicable law before you begin the Franchised Business. In most states, registration with the state or county where you will operate the FIBRENEW® Service franchise of the Fibrenew “dba” name is required. A copy of any registered dba name must be submitted to Fibrenew (via email). You should refer to the local law requirements where you will operate your Franchised Business.
11. Office or Storage Area. The vast majority of our franchisees operate the franchised business out of their vehicle with a home office. If you are unwilling or unable (for example, due to local laws) to operate the franchised business from your vehicle with a home office, you will need to have an adequate site for your Service base. Sites outside of the home must be approved by Fibrenew and may only be located within your own Exclusive Territory. Similarly, if you are unwilling or unable (for example, due to local laws) to park your work vehicle at your home, you will need to have a storage site for your vehicle. Due to local variations in rent, we are unable to accurately estimate a reasonable range of rent expenses.
12. Marketing. You must spend the then-current monthly minimum expenses (currently \$200) with Google AdWords or other approved supplier to market your Franchised Business. We will coordinate your Google AdWords marketing, but you will pay Google or another approved supplier directly. The estimate is for 6 months at the minimum monthly rate.

13. Additional Funds. This category includes miscellaneous expenses incurred during the first 6 months of the Franchised Business operations, such as unanticipated start-up costs and miscellaneous tools and supplies. We relied on our experience in operating and franchising similar businesses in Canada in estimating this figure. You should review these figures carefully in light of local conditions and the economy, consulting a business advisor if necessary. This amount is an estimate, and it does not include any personal or business debt service payments, rent or other living expenses.
14. We do not finance any of these expenses. None of these expenses are refundable.

ITEM 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Items, Services and Suppliers. To ensure uniformity and quality of services by all franchisees, you must purchase certain items and services (including vehicle signs) according to our specifications. These specifications may include minimum standards for quality, performance, design, appearance, delivery, and other restrictions. These specifications are contained in the Technical, Light Upholstery & SDS Manuals or other training and support material we make available to you (collectively, the “**Manual**”). The Manual is available online through our HIVE, our online intranet. We may periodically change these specifications, by notice to you or through changes to the Manual, and you must promptly comply with the changed standards following notice to you. You may incur expenses or increased costs to comply with these changes.

You must purchase certain items and services (including the start-up package, Proprietary Products, marketing material, and promotional products) only from suppliers that we have approved in the Manual. A complete list of these items and services, and the approved suppliers for each, is contained in the Manual. The approved suppliers have demonstrated to our satisfaction that they have the ability to meet standards and specifications for the relevant items and services, that they possess adequate quality controls, and that they have the capacity to supply your needs promptly and reliably. This includes international shipping company(ies) that we may designate and that we will use to send Proprietary Products to you. We have the right to change the list of approved suppliers, and you must promptly change suppliers if required.

We are the sole designated supplier of the Proprietary Products, including bases & adhesives, protectors & conditioners, cleaners & deodorizers, color coats, top coats, graining materials, velour repair supplies, cyanoacrylic products, vinyl repair supplies, plastic primers & clear coats, and leather care kits, which you will use to perform repairs. We require you to buy these products exclusively from us to preserve our trade secrets and maintain the uniform quality of work performed by FIBRENEW® franchisees. We are the sole designated supplier of the start-up package, which includes Proprietary Products, tools, equipment, accessories and supplies. A detailed

list of items included in the start-up package is Attachment 3 to the form Franchise Agreement, which is Exhibit C to this FDD. This Attachment 3 is subject to change as products update and improvements are made. You must purchase the start-up package from us as described in Item 5. Beginning the second year of your franchise term, annually, you must purchase at least \$2,500 of Proprietary Products from us. For franchisees who are signing the Franchise Agreement for a new Franchised Business, or for Buyers in a Resale, product purchases made in the first year of the franchise term will not count toward any product purchase requirement for the second or subsequent year of the franchise term. We and our affiliates are not approved suppliers for any other items or services. There are no other suppliers in which any of our officers owns an interest. We and our affiliates are not the sole approved supplier of any other item or service.

Otherwise, there is no requirement that products be purchased from approved or designated suppliers or according to specifications. We do not require you to purchase a computer for exclusive use in your business, and we do not have any specifications or approved suppliers for any computer hardware or software (except that internet service is required).

Purchases that must be made in accordance with our specifications or from approved or designated suppliers will represent approximately 40% of your start-up cost and 5% to 10% of your ongoing cost of operating your FIBRENEW® Service.

Approved suppliers may make payments to us on account of transactions with our franchisees. We currently receive payment from our designated third-party supplier of certain leather, vinyl, and fabric supplies in an amount equal to 3% of franchisees' total purchases. We may have these types of agreements with other suppliers in the future providing for payments to us on account of transactions with our franchisees. In the past fiscal year (ending September 30, 2022), we had \$3,177.90 in revenue from suppliers on account of purchases of items and/or services by our franchisees.

We receive revenue for the sale of start-up packages and Proprietary Products by us to our franchisees in the US. In the fiscal year ending September 30, 2022, we received \$1,685,004 from the sale of start-up packages and Proprietary Products to franchisees, representing 35% of our total revenues of \$4,802,259.

We negotiate purchase arrangements with suppliers for the benefit of franchisees. Under these arrangements, franchisees currently receive a 5-20% negotiated discount on select product purchases. Discounts vary by supplier.

Work Vehicles. Your FIBRENEW® work vehicle(s) must present a professional appearance for a service vehicle and must be licensed and insured. We do not have any color, make or model requirements though we strongly recommend a two-door service / working style van. A list of suggested vehicles will be provided at the time of purchase. You must obtain our approval of your work vehicle(s) before beginning operation of your FIBRENEW® Service. We require you to submit a photograph and

written details regarding the proposed vehicle, from which we can determine the vehicle's body condition, color, and other factors affecting your vehicle's appearance and condition. You must permanently display, at your own expense, on all vehicles you use in the franchised Service, all wraps and signs of any nature, form, color, number, location and size that we require, exactly according to our specifications, and containing any legends that we have designated in the Manual or in writing. Samples of our vehicle signs are shown on our website, and are available upon request.

Upon notice of renewal 90 days prior to your expiry date you must provide us with a picture of your current vehicle(s) and wrap(s), for review. If your Fibrenew fleet vehicle(s) does/do not have current vehicle signs, you will be required to update them in accordance with the above Work Vehicle requirements. You are required to de-identify the vehicle and remove the vehicle wrap upon expiry or termination of the Franchise Agreement.

Insurance. You must purchase and maintain a policy or policies of comprehensive public liability insurance covering all FIBRENEW® Service assets, personnel, and activities, including work performed on third party premises, in the coverage amounts and types as we require. We may increase the minimum requirements for coverage amount and types annually, if necessary, to reflect inflation or other changes in circumstances. Our current liability insurance requirements include general liability, garage keeper's coverage and property casualty coverage, coverage for your work vehicle, hired/non-owned auto liability coverage (min \$500,000), miscellaneous tools and equipment coverage, and business personal property coverage, on an occurrence basis with a combined single limit for bodily injury, death or property damage of not less than \$1 million and \$2 million aggregate. While not required and depending on your situation and with advice from the designated insurance broker, we recommend you consider obtaining coverage for professional liability, product-liability coverage business interruption insurance and bailee's coverage. In addition, you must maintain policies of workers' compensation insurance, disability insurance and any other types of insurance required by applicable law. Each insurance policy that is required under the Franchise Agreement must be issued by an insurance company we approve and must contain a provision that the policy cannot be canceled without 10 days written notice to us. It must designate us as an additional named insured and be satisfactory to us in form, substance and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us within 10 days after the policy is issued or renewed.

Approval Process. If you desire to use or offer additional items or services that we have not approved, or you desire to purchase approved items and services from a supplier that we have not approved, you must first obtain our written consent. We do not have any formal policies or procedures for approving new items or services, or for revoking approval. The primary factors in our analysis of possible new items and services are whether the item or service would be a good fit in our franchise system. This analysis involves the subjective opinion of our management. We do not have any formal policies or procedures for approving new suppliers, or for revoking approval. The

primary factors in our analysis of suppliers are whether the supplier has the ability to meet quality and uniformity standards and specifications for the relevant items and services, and whether the supplier has the capacity to supply our franchisees' needs promptly, reliably and economically. This analysis also involves the subjective opinion of our management.

In connection with any request by you for approval of additional items, services or suppliers, we may require you to provide us with photographs, drawings, specifications, samples or any additional materials or information we desire to evaluate your request. You must pay for our reasonable expenses in evaluating your request. We will notify you of our approval or disapproval of any new item, service or supplier requested by you within a reasonable time (usually within 120 days) after we have received all of the relevant information requested. We may withhold approval of any item, service or supplier, as we determine in our discretion. We have the right to revoke approval of any item, service, or supplier at any time for any reason, and we will notify you of any revocation of approval.

Cooperatives. We do not have any right to require you to participate in any marketing, purchasing or distribution cooperatives, though doing so has generally proven to increase brand awareness.

We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described in this Item 8. Otherwise, we do not provide material benefits to you for your use of designated or approved suppliers.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition / lease	7.8	7, 8, 11
b. Pre-opening purchases / leases	6.5	5, 8
c. Site development and other pre-opening requirements	None	5, 7, 12
d. Initial and ongoing training	5.1, 9.3.1, 9.3.2	11
e. Beginning operation	7.2.1	11
f. Fees	Article 6	5, 6

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
g. Compliance with standards and policies / Operating Manual	3.10, 5.7, 7.2.2	11
h. Trademarks and proprietary information	3.11, 7.1, 8.1, 8.4, 10.2.2, 10.3, Attachment 5	13, 14
i. Restrictions on products / services offered	7.2.3, 7.2.7	16
j. Warranty and customer service requirements	7.2.4, 10.2.2	
k. Territorial development and sales quotas	6.2, 6.5	12
l. Ongoing product / service purchases	5.8, 6.5, 6.8	8, 10
m. Maintenance, appearance, and remodeling requirements	7.12, 7.2.5	8, 17
n. Insurance	7.6	6, 8
o. Advertising	5.5, 7.1.3	6, 8, 11
p. Indemnification	8.5	6
q. Owner's participation / management / staffing	7.3.1, 7.3.2	15
r. Records / reports	7.5	6
s. Inspections / audits	7.2.6	6
t. Resale	3.15, 6.6, Article 9	6, 17
u. Renewal	4.4, 4.4.2	6, 17
v. Post-termination obligations	10.3	17
w. Non-competition covenants	8.6, Attachment 5	17
x. Dispute resolution	Article 11	17

ITEM 10. **FINANCING**

We do not offer direct or indirect financing. We do not guarantee your obligations to third parties.

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

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

Pre-Opening Services

1. Site Selection / Approval

The Service is a mobile service primarily operated from a work vehicle, but you may also want a base office for the Service. We do not provide you any assistance with site selection for a base office. Your base office may be in your home. If so, you do not need our approval of your base office. But, if your base office is in a commercial location associated with our Marks, then you need our prior approval of the site for your base office. Any site outside of your home must be within your Exclusive Territory and may not be located in open territory, or in another franchisee's exclusive territory. There are no contractual deadlines for us to approve or disapprove a proposed commercial site for your Service. Generally, we will approve or disapprove a site within 30 days after you provide us with all of the information we require. The factors we consider in approving commercial sites include location, size, suitability, layout, access and visibility of the proposed location, nature and location of any competitors, population density, vehicle traffic, parking convenience, and other factors that may be relevant in your market. The same site selection criteria will generally be applicable to all franchisees with commercial sites. If you choose to have a commercial site for your base office and if you and we are not able to reach agreement on an approved commercial location within 6 months after you sign the Franchise Agreement, then we have the option to terminate the Franchise Agreement. (Franchise Agreement §7.8)

2. Training

We will provide to you a training program, as described below. (Franchise Agreement §§ 5.1 & 6.4)

3. Manual

We will make available to you, whether in electronic format on the FIBRENEW® website or intranet or in hard copy, our Manual containing explicit instructions for use of the Marks, specifications for goods and services that will be used in or sold by the Service, sample business forms, information on marketing, management, and administrative methods developed by us for use in the Service, names of approved suppliers, and other information that we believe may be necessary or helpful to you in your operation of the Service. We may revise the Manual periodically to conform to the changing needs of the Franchise Network and will electronically post updated pages containing these revisions. (Franchise Agreement § 5.7)

You may view a copy of the Manual under the supervision of a Fibrenew employee or other person approved by us at a mutually convenient time and place before signing a

Franchise Agreement. Prior to viewing the Manual, you must sign our Non-disclosure Agreement for Viewing Manual, which is attached as Exhibit C-3 to this disclosure document.

4. Technical Support Resources

We will give you access to our online technical support resources included in the Manual. These resources include technical manuals, technical bulletins, a discussion board and video tutorials. (Franchise Agreement § 5.6) We will give you limited access to the online technical support resources before you sign a Franchise Agreement with us.

5. Start-Up Package

If you are signing the Franchise Agreement for a new Franchised Business, then we will sell to you, as part of the start-up fee described in Item 5, a start-up package of all equipment and products appropriate for starting a new Service. (Franchise Agreement §5.2) This initial supply will typically last at least 3 months, but this may vary depending on individual usage. If you are signing the Franchise Agreement as a buyer in a resale or if you are signing the Franchise Agreement to renew an existing Franchised Business, then we will not sell you a start-up package.

Post-Opening Services

1. Proprietary Products Availability

We will use reasonable efforts to ensure that we will, at all times, have a supply of Proprietary Products for sale to you. The current price list for the Proprietary Products is described in the online technical support resources. (Franchise Agreement § 5.8)

2. Consultation

We will use reasonable efforts to make our personnel available to you for consultation throughout the term of the franchise in a timely manner. (Franchise Agreement § 5.3)

3. Pricing

We will suggest pricing for your franchised services from time to time. You are not required to follow our suggestions. (Franchise Agreement § 5.4) However, if you elect to participate in any Preferred Vendor Account, you will be obligated to provide services according to the Preferred Vendor Account agreement.

4. Preferred Vendor Accounts

We may enter into agreements with certain customers who have jobs in multiple areas (“**Preferred Vendor Accounts**”) under which we and participating franchisees agree to provide certain services at certain specified rates or in accordance with certain procedures. If a Preferred Vendor Account has a job in your Exclusive Territory, we will offer you the opportunity to participate under the Preferred Vendor Account agreement. Your participation is voluntary, but if you choose not to participate, we may reduce your Exclusive Territory by excluding the Preferred Vendor Account from your Exclusive

Territory, and we may allow another franchisee or affiliate to service that customer. (Franchise Agreement § 5.9)

5. Advertising Materials

If you are signing the Franchise Agreement for a new Franchised Business or if you are signing the Franchise Agreement as a buyer in a resale, we will provide new franchisees with a limited selection of printed promotional materials. If you are signing the Franchise Agreement to renew an existing Franchised Business, then we will not provide you with such materials. (Franchise Agreement § 5.5(a)) We may include in our marketing materials items that we have received from you (including photographs of you, your Related Parties, and employees or technicians and the work they perform). You will grant to us a worldwide royalty-free license to use such items in our advertising, authorize us to use your image and/or voice in our materials used for advertising of FIBRENEW® Service franchises and you must undertake to obtain from your Designated Manager, employees and technicians this same authorization. (Franchise Agreement § 5.5(b)) Additional details regarding advertising and marketing are described below.

Advertising / Marketing

Except for the limited selection of printed promotional materials mentioned above, we have no advertising program (and no obligation to conduct any advertising), except for Google AdWords, described below. If you wish to use any advertising materials that were not provided by us, you must obtain our prior written approval, which will not be unreasonably withheld. In the past, we had the right to collect marketing fees from our franchisees, but we never exercised this right. Under Franchise Agreements entered into in 2009 or later, we do not have the right to collect marketing fees from our franchisees. You are not required to participate in any advertising fund. We do not have the power to require marketing cooperatives to be formed, changed, dissolved or merged. There are no advertising councils composed of franchisees.

You must spend the then-current monthly minimum expenses (currently \$200) with Google AdWords or other approved supplier to market your Franchised Business on an ongoing basis for the term of the Franchise Agreement. We will coordinate your Google AdWords marketing, but you will pay Google or another approved supplier directly.

You must submit to us copies of all advertising materials that you propose to use at least 4 weeks before the first time they are broadcasted or published. We will review the materials within 2 weeks and will promptly notify you whether we approve or reject them. Our approval may not be unreasonably withheld. Advertising materials that differ from previously approved materials in such ways as date or price will be considered “previously-approved.” Even if we have approved certain materials, we may later withdraw our approval if we reasonably believe it necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including any misrepresentation within the advertising material. (Franchise Agreement § 7.1.3)

You must use your best efforts to promote the Franchised Business to all industry segments throughout your Exclusive Territory. To do this, you must actively market your Franchised Business according to our System standards. This marketing requirement includes the practice of in-person cold calling. (Franchise Agreement § 7.13)

Computer Equipment and Smart Phone

You will need access to a computer with internet access to make full use of the online resources we make available to our franchisees, and to communicate with us electronically. You may also want to use a computer to maintain accounting books, and to prepare and print customer invoices. However, we do not require that you purchase a computer for exclusive use in the Franchised Business. Most of our franchisees use an existing computer for the Franchised Business. We do not require any particular specifications for the computer you will use. The only requirement is that the computer you use have internet access. If you do purchase a computer for your Service, we expect the cost will be less than \$600, because an extremely basic computer would be suitable. We will not have independent access to any information and data on your computer.

There are no optional or required maintenance, updating, upgrading or support contracts for the computer. We may in the future require you to obtain, upgrade or update your computer equipment and services during the term of the franchise, and there is no contractual limitation on the frequency or cost of our ability to require this. If we audit your Franchised Business, you must provide us with complete access to any computer equipment you have used in connection with the Franchised Business. (Franchise Agreement §7.9)

In order for you to make full use of the online resources to communicate with us while at your job sites, you must have a smart phone and tablet computer (e.g., iPad) with 3G, 4G or 5G cell service for internet access.

Training

The training program will cover the following:

1. Pre-Training Program: If you are signing the Franchise Agreement for a new Franchised Business or if you are signing the Franchise Agreement as a buyer in a resale, then before you attend classroom training, you or your Designated Manager must complete to our satisfaction the following pre-training tasks: a complete marketing plan of your territory, home office and workspace setup, suggested business development learning and required reading (with reading materials to be purchased, loaned from a library, or otherwise sourced at your own expense; currently, the book “Wired to Care,” may be sourced online.). We estimate these tasks will take approximately 20 to 30 hours plus time for required

reading. We do not charge a fee for this pre-training program. If you are signing the Franchise Agreement to renew a Franchised Business, then we will not require you to complete the pre-training tasks.

2. Classroom Training Program:

TRAINING PROGRAM			
SUBJECT	CLASSROOM TRAINING HOURS	HOURS OF ON-THE-JOB TRAINING	LOCATION
Skill Developing	18	0	Calgary, Alberta or online
Color Instruction	22	0	Calgary, Alberta or online
Spraying & Texturing	4	0	Calgary, Alberta or online
Leather	6	0	Calgary, Alberta or online
Plastics	6	0	Calgary, Alberta or online
Vinyl	6	0	Calgary, Alberta or online
Marketing and Administration	4	0	Calgary, Alberta or online
Technology	4	0	Calgary, Alberta or online
Total	70	0	Calgary, Alberta or online

The classroom training program will be conducted approximately once a month, for up to 10 months of each year over a 12-day period at our facility in Calgary, Alberta. In certain circumstances, we may have to temporarily suspend our in-person training and provide the classroom training program online. As of the date of this disclosure document, a hybrid training model is in effect with the option of in-person or online classroom attendance, in real time. Franchisee chooses their training preference (in-person or online) during Fibrenew onboarding.

In the week prior to start of training, an online test run will be conducted with Fibrenew instructors and the entire class. The test run is a minimum of 1-2 hours, including tool, product and materials set up, Fibrenew trainer introductions and trainee introductions, noting territory locations.

Jesse Johnstone, our President, will oversee the in-person and online classroom training program. Our training team has more than 20 years' experience in operating a Fibrenew business and approximately 45 years' experience in repair services. All instructors will be people with a minimum of 5 years' experience and currently average

31 years' experience in repair service. Training materials (the Manual) will be provided online at no additional charge.

If you are signing the Franchise Agreement for a new Franchised Business or if you are signing the Franchise Agreement as a buyer in a resale, then we will conduct a classroom training program for you and your Designated Manager(s). We will provide training for up to 2 people in person or 3 people online at no charge. You (or, if you are an entity, one of your principals) and your Designated Manager (if applicable) must complete the training program successfully to our satisfaction before you begin operating your Franchised Business. If you would like to send anyone else to training, you must pay our then-current fee for each additional trainee. Currently, the fee is \$5,000. If you are signing the Franchise Agreement to renew an existing Franchised Business, then we will not require you to attend classroom training. (Franchise Agreement §§ 5.1 & 6.4)

If you should sell your FIBRENEW® Service, your buyer must complete the full training as a condition of you obtaining our consent to the Resale. A portion of the resale fee will cover the cost of the buyer's training. (Franchise Agreement § 9.3.1)

3. Field Training: If you are signing the Franchise Agreement for a new Franchised Business or if you are signing the Franchise Agreement as a buyer in a resale, then immediately following classroom training, you must begin and complete to our satisfaction the Field Training Program. The Field Training Program allows you to track your progress in meeting goals oriented towards making sales calls and completing certain types of repairs and gives us a way to provide feedback from a distance. This is an online program further described in the Manual. We estimate that the Field Training Program will take approximately 1 year to complete. We do not charge a fee for this Field Training Program. If you are signing the Franchise Agreement to renew an existing Franchised Business, then we will not require you to complete the Field Training Program. (Franchise Agreement § 5.1.2)
4. Continuing Education: We offer continuing education courses. Participation in a minimum of 1 course per calendar year will be mandatory unless we waive the requirement. You must pay any associated continuing education fees we charge, and you must pay for any expenses incurred in attending this training. If you do not pay associated training fees for mandatory seminars by the deadline, we have the right to automatically take payment. (Franchise Agreement § 5.1.3)

For all training offered by us, you will bear the cost of food, lodging, transportation (including air flights), and any incidental expenses incurred by you or your employees or technicians during training. If an introduction letter is needed in order to support any short-term visa application for any of the training attendees, then we will provide this. However, you will pay any and all costs relating to the visa application. We will not pay you or your employees or technicians for any work performed during the training program. (Franchise Agreement § 6.4)

Time Before Opening

Most FIBRENEW® franchisees sign their Franchise Agreement 4 weeks prior to classroom training and begin operating their Services within 1 month of successfully completing the Classroom Training. This allows time to complete training, receive the start-up package, and apply the vehicle signs to your work vehicle. If you have not begun operation of the Service within 4 months after you complete the Classroom Training, we have the option to terminate the Franchise Agreement. (Franchise Agreement § 10.2.2(b))

Website / E-mail Address

We or an affiliate of ours will sponsor and maintain 1 or more official FIBRENEW® websites for the purpose of marketing the brand. We have discretion over the design, content and functionality of such websites. We may, from time to time, include 1 or more interior pages that identify Fibrenew locations, by among other things, geographic region, address, and telephone number(s). We may permit you to customize or post certain information to the interior page. So long as you are not in default under the Franchise Agreement, we will list your Franchised Business on this website. We may also include on the official FIBRENEW® website certain materials that we receive from you (including authorized photographs of you, your Related Parties, employees or technicians and the work performed). (Franchise Agreement § 5.5(b)) In order to maintain a consistent Internet presence for the Fibrenew franchise system, you are not allowed to have your own website (or portion of a website) relating to the Franchised Business. You may not list your Franchised Business with any internet directories, except those we have approved. We will also provide you with a “Fibrenew” email address. If you use email communications in connection with your Service, you must use only your Fibrenew email address in all email communications with us and your customers. (Franchise Agreement § 7.11)

Social Media

We recommend that our franchisees create and maintain profiles and fan pages on various approved social media sites. Your use of social media must conform to our System standards. You must not use the Marks on any social media platform or in any online communication or website that we disapprove at any time. Promptly upon our request, you must furnish to us a list of all web pages, website addresses, networking site accounts with usernames and passwords (including on Twitter, Facebook, LinkedIn and similar sites), or Internet directory listings you have created or maintained which relate in any way to your Franchised Business or which use any Marks. You must use your @fibrenew.com email address as the contact email address for those accounts. Upon termination or expiration of the Franchise Agreement, you must assign to us access in the form of usernames and passwords to all social media accounts relating in any way to the Franchised Business or which uses any Marks. You must agree to our Social Media Policy when you become a franchisee. (Franchise Agreement § 7.11)

You will maintain your online content, blog, social media post(s) and any and all other activities related to the FIBRENEW® Services and/or the Marketing Services in a lawful manner and in a manner appropriate for a general audience and will not be rude or abusive. You will ensure that its content is original and will not infringe, misappropriate or violate the rights of any third party, including, within limitation, patent, trademark, service mark, copyright, right to publicity, right of privacy, unauthorized personal image and/or voice, trade secret, or other intellectual property or proprietary rights. (Franchise Agreement § 7.11)

ITEM 12. **TERRITORY**

Each FIBRENEW® franchisee is granted an Exclusive Territory, but no specific location is designated for the premises of the Franchised Business. Except as otherwise provided below, you must only perform your FIBRENEW® Service within your Exclusive Territory. We will determine the size of your Exclusive Territory based on a variety of metrics, including, population, population density, the number of commercial establishments, and driving times and distances within your Exclusive Territory. Your Exclusive Territory will be identified by Zip Code. Generally, the Exclusive Territory will include a population of up to 300,000 people but will be no greater than 100 driving miles between its furthest points. (The population of an Exclusive Territory is derived from the US Census Bureau data available through the Fract™ software application. For each multiple of a population base of 150,000, and by your third year of operations, we recommend you add another Work Vehicle and a trained Fibrenew technician to provide the FIBRENEW® Service in your Exclusive Territory. Should the Exclusive Territory population exceed 500,000, in a resale situation, Fibrenew may require the Franchisee to split the territory in a manner designated by us, such that the resale will include the sale of more than 1 territory based upon our then-current standards for Exclusive Territory composition.

If you are in good standing under the Franchise Agreement, except with respect to home-office services, we will not directly or indirectly operate, nor license or franchise another person to operate, another Fibrenew business within the Exclusive Territory, nor sell Fibrenew products to another service provider in the Exclusive Territory, subject to our Preferred Vendor Account & Customer Service policies (see below).

Except for shipments to home offices, the Franchise Agreement restricts us and our affiliates from selling Proprietary Products to end users or product resellers in the Exclusive Territory, however, we specifically reserve the right to sell leather, plastic and vinyl care kits to end users and resellers regardless of their locations (including through other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing sales). We will not provide any compensation to you for any sales of leather, plastic and vinyl care kits in your Exclusive Territory. We and our affiliates do not operate or franchise, and have no plans to operate or franchise, any competing business under any other marks.

Except for the rights expressly granted to you under the Franchise Agreement in your Exclusive Territory, the franchise is non-exclusive. We reserve all rights in the Trade Name, Marks and System not expressly granted in the Franchise Agreement, including the rights to:

- (a) sell at retail or wholesale or otherwise, directly or indirectly, or license others to sell or distribute, any products or services which bear any proprietary marks, including the Trade Name or Marks, including any Proprietary Products, through any means of distribution not specifically prohibited by the Franchise Agreement;
- (b) own, acquire, establish, operate or offer franchises to others for any business whatsoever outside the Exclusive Territory regardless of how close the business or territory is to your Exclusive Territory;
- (c) sell Proprietary Products through any means of distribution not specifically prohibited by another provision of the Franchise Agreement, including wholesale distribution to retail stores, by catalog sales, or by Internet sales;
- (d) engage in, or authorize others to engage in, any form of business offering and selling any type of product or service not granted to the franchisee, including, the unrestricted right, in our discretion, directly and indirectly, ourselves and through our employees, affiliates, representatives, franchisees, licensees, assigns, agents and others to produce, license, distribute, market and deliver "Fibrenew," brand named products, and products bearing other marks, including clothing, souvenirs and novelty items, by means of e-commerce;
- (e) acquire, or be acquired by, any competing system, including a competing system that has one or more units within your Exclusive Territory; and
- (f) Upon 3 days' notice to you, exclude from your Exclusive Territory any customer, if you elect not to service a customer or we have received complaints regarding a customer, we may allow another franchisee or affiliate to service that customer without any liability or compensation to you, regardless of any other provisions in the Franchise Agreement.

You may only solicit, advertise, and provide Fibrenew services to customers whose principal place of business or primary residence is located in your Exclusive Territory. In addition, you may only provide Fibrenew services (1) at your commercial store located in your Exclusive Territory, (2) at customer locations in your Exclusive Territory, or (3) where the customer's item to be repaired is normally located (for example, for vehicles, boats, and airplanes this means where they are normally garaged, docked, or hangared) in your Exclusive Territory. Finally, you may provide Fibrenew services for items transported by you or the customer (derived from your Exclusive Territory) to your Fibrenew business for on-premises repair at your home office, regardless of whether your home office is located within your Exclusive Territory. However, if your home office is located in another franchisee's exclusive territory, we may restrict or prohibit home-office services if we reasonably determine these services would pose a conflict with the other franchisee.

You may not solicit, advertise nor perform Fibrenew services outside your Exclusive Territory (except with respect to home-office services), provided we may consent to you providing services to customers outside your Exclusive Territory (in an area not covered by another Fibrenew service) on the condition that you will immediately relinquish your customers list to Fibrenew (and cease doing business with such customers and refer such customers to us), without receiving or accepting any compensation or other consideration for so doing, if we withdraw our consent or if the territory is granted to another franchisee.

You will not be required to meet a sales quota, market penetration, or other contingency or condition to maintain the exclusivity of your Exclusive Territory. If you request it, and your territory meets the then-current territory requirements we might modify your Exclusive Territory if you ask us to cancel your franchise and to re-issue 2 or more franchises with smaller territories so that part of the Exclusive Territory may be sold to another franchisee. Additionally, if you elect not to service a customer or Preferred Vendor Account customer or we have received complaints regarding a customer service issue in your Exclusive Territory, then we will exclude that customer or Preferred Vendor Account customer from your Exclusive Territory. In which case, we will give you written notice and, within 3 days after you receive that notice, we may allow another franchisee or affiliate to service that customer or Preferred Vendor Account customer in your Exclusive Territory. Also, if we determine that you or a Designated Manager is not properly performing your or their duties or are not devoting all of your or their productive time and effort to the management and operation of the FIBRENEW® Service on a full-time basis, we will advise you and you must immediately take steps to correct the situation. If you fail to correct the situation within 60 days after we advise you, we have the right to modify or reduce your Exclusive Territory. In addition, if you fail to make your required minimum annual purchases of Proprietary Products (minimum of \$2,500 per year; provided, that if you are purchasing a new FIBRENEW® Service Franchise, then this obligation begins in your second year), you may lose your franchise (in which case, you will lose your Exclusive Territory). Finally, if we have the right to terminate your Franchise Agreement, we can, instead, temporarily or permanently reduce the size of the Exclusive Territory.

If we permanently reduce the size of your Exclusive Territory for any of the reasons described in Item 12, the restrictions on us and our affiliates will not apply in the territory which is no longer part of the Exclusive Territory and we and our affiliates may engage, and authorize third parties to engage, in any business activities we or they deem appropriate, whether under the Marks (including the FIBRENEW® trademark) or other trademarks, within that territory, including establishing and operating (and granting rights to others to establish and operate) FIBRENEW® Services within that territory.

Except for the conditions described in this Item 12, there are no other conditions under which we will permit more than 1 franchisee to operate a FIBRENEW® Service within a single Exclusive Territory.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

We and our affiliates do not operate or franchise any business under a different trademark or service mark, and we and our affiliates have no plans to do so.

ITEM 13.

TRADEMARKS

On December 21, 1999, our Canadian Affiliate, FIL, registered the word “FIBRENEW” on the Principal Register of the United States Patent and Trademark Office for use in connection with repair of leather, vinyl, and plastic. The registration number is: 2301756. The application was filed on the basis of FIL's Canadian service mark registration number 448,444, dated September 29, 1995, under Section 44e of the Lanham Act. We have filed all required affidavits and a renewal application for the U.S. registration.

Effective October 1, 1998, FIL granted to Fibrenew International the license to use and to sublicense the use of the Fibrenew marks and system worldwide. The initial term of this license agreement expires on December 31, 2025, but the license automatically renews for successive periods of 10 years each, unless terminated for cause. Effective September 30, 2005, Fibrenew International granted to us the sublicense to grant Fibrenew franchises in the United States. The initial term of this sublicense agreement expires on December 31, 2025, but the sublicense automatically renews for successive periods of 10 years each. Fibrenew International may not terminate the sublicense agreement unless we are in default and fail to cure the default within not less than 30 days. If Fibrenew International's license to us expires or is terminated, your rights under your Franchise Agreement will not be affected. You will have the right to operate your Franchised Business during the remaining franchise term, and during the term of any permitted renewal term, as long as you comply with all of your obligations. No other agreement limits our right to use or sublicense the Marks.

There is no currently effective material determination of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of this State or any court; pending infringement, opposition, or cancellation; or pending material litigation involving the principal Marks.

Except for the sublicense agreement described above, no agreements limit our rights to use or sublicense the use of the Marks or Trade Name in any manner material to the franchise.

You will promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, you agree that we may select legal counsel and that we will control the proceedings. We will defend you against any third-party claim, suit, or demand arising

out of your use of the Marks. If we determine that you have used the Marks in accordance with the Franchise Agreement and Manual, we will bear the cost of your defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the Franchise Agreement or Manual, you will bear the cost of, and reimburse us for, your defense, including the cost of any judgment or settlement. If there is litigation relating to your use of the Marks, you must execute any documents and do any acts as may be necessary, in our opinion, to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement or Manual, we will reimburse you for your out-of-pocket litigation costs in cooperating with us with respect to the litigation.

Otherwise, there is no requirement in the Franchise Agreement that we take affirmative action to protect the Trade Name, Marks, or System when notified of a claim or infringing use. We and our Related Parties have invested substantial time, energy, and money in the promotion and protection of the Trade Name and other Marks as they exist on the Effective Date of the Franchise Agreement. We have no present intention of altering them. However, we recognize that rights in intangible property such as the Trade Name and Marks are often difficult to establish and defend and that changes in the cultural and economic environment within which the System operates may make changes in the Trade Name and Marks desirable or necessary. We therefore reserve the right to change our Trade Name and Marks and the specifications for each when we believe that such changes will benefit the Franchise Network. You agree that you will promptly conform, at your own expense, to any such changes. We will make every reasonable effort to minimize the cost to you.

We do not know of any infringing uses that could materially affect your use of the FIBRENEW® Marks. Any use of the Trade Name or Marks not authorized by the provisions of the Franchise Agreement will be deemed an infringement. You will have no right to license others to use the Trade Name or Marks.

ITEM 14.

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We have not registered any patents or copyrights that are material to the Franchised Business. We claim common law copyrights for our franchise agreement, training materials, websites, advertising materials, color system, various products all Manuals and for sales, advertising and promotional materials published from time to time. There are no pending patent applications material to the franchise. There currently are no effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the system's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes any knowledge, techniques, processes or information made known or available to you that Fibrenew treats as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies; supplier lists or sources of supplies; internal business forms, orders, customer accounts, manuals and instructional materials describing Fibrenew's methods of operation, including the Manual; products; drawings, designs, plans, proposals, and marketing plans; all concepts or ideas in, or reasonably related to Fibrenew's business that have not previously been publicly released by Fibrenew; and any other information or property of any kind of Fibrenew that may be protected by law as a trade secret, confidential or proprietary.

If you have assisted in the preparation of any information that Fibrenew considers to be a trade secret or confidential information or you have prepared or created the information, you must assign any rights that you may have in the information as its creator to Fibrenew, including all ideas made or conceived by you.

You may not disclose any such information to any third party, except to your employees, technicians and agents as necessary in the regular conduct of the FIBRENEW® Service and except as authorized in writing by us. You will be responsible for requiring compliance of your Related Parties, employees and technicians. You must obtain written non-disclosure agreements, in the form of Attachment 5 to the Franchise Agreement, from your Related Parties, employees and technicians and must send us a copy within 10 days after each Related Party, employee or technician begins his or her relationship with you. You must also notify us within 10 days after each Related Party, employee or technician ceases or terminates their relationship with you.

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

We do not require that you participate personally in the direct operation of the Franchised Business, or that your Service be supervised by you or by someone with an equity interest in the business. However, we do require that you attend and participate in the Training.

If you do not personally participate in the direct operation of the Franchised Business on a full-time basis, then you must have a Designated Manager who will devote all his or her or their productive time and effort to the management and operation of the Service on a full-time basis. Your Designated Manager must successfully complete our training program before starting work. Before the training program starts, you must provide us

with a copy of the Non-disclosure and Non-competition Agreement signed by your Designated Manager (Franchise Agreement, Attachment 5).

Before we grant a franchise to you, we may perform a criminal background check on you, your Designated Manager, and your officers, shareholders, members and partners.

If you are a Corporation or Limited Liability Company, all shareholders and members with a 10% or greater interest in you, or, if you are a partnership, all your general partners, must sign the Non-disclosure and Non-competition Agreement and Personal Guaranty forms (Franchise Agreement, Attachments 5 & 6).

ITEM 16.

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are restricted as to the services you will provide. To ensure that the highest degree of quality and service is maintained, you must offer all the services and only the services that we have authorized you to provide and in strict conformity with the methods, standards and specifications we require in the Manual or in writing, as periodically amended. You must discontinue selling and offering any item or service which we, in our discretion, disapprove in writing at any time. Except for Proprietary Products, you may purchase products that are to be used in the FIBRENEW® Service from any source. Except for the products that we specifically authorize for resale, you may not resell any of the products that you obtain from us. We have the right to change the types of authorized items and services, and there are no limits on our right to do so.

ITEM 17.

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	4.4.1	Term is 5 years
b. Renewal or extension of the term	4.4.2	If you are in good standing, you may renew for consecutive 5-year terms
c. Requirements for franchisee to renew or extend	4.4.2	Sign new agreement, pay renewal fee, be in good standing, give notice, update vehicle signs and sign release. “Renewal” means signing a new agreement for a 5-year term that may have materially different terms than those contained in your original contract; provided, however, that we

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		may (but are not obligated to) continue to assess fees and product purchase requirements as we do so in your currently effective franchise agreement with us.
d. Termination by franchisee	None	Not applicable (subject to state law)
e. Termination by franchisor without cause	None	Not applicable
f. Termination by franchisor with cause	10.2	Fibrenew can terminate only if you default, such as if you fail to make required payments
g. "Cause" defined – curable defaults	10.2.2	You have 5 days to cure non-payment defaults; you have 30 days to cure other defaults that can be cured
h. "Cause" defined – non-curable defaults	10.2.2	Non-curable defaults include: misuse of the marks or the system, providing unsatisfactory customer service; if you or any of your Related Parties has any direct or indirect interest in the ownership or operation of any business that is confusingly similar to a FIBRENEW® Service or uses the system or the marks; if you attempt to assign your rights in any unauthorized manner; if you or your Related Party has made any material misrepresentation; if you act without our prior written approval or consent in regard to any matter for which our prior written approval or consent is expressly required; if you stop operating the FIBRENEW® Service on a full-time basis for a period of more than 30 consecutive days; if you commit any 2 or more defaults within any 12-month period, regardless of whether any default is cured; if we make a reasonable determination that your operation of the FIBRENEW® Service poses a threat to public health or safety; if you become insolvent, are adjudicated a bankrupt, or file or have filed against you a petition in bankruptcy, reorganization or similar proceeding; if you or your Related Party are convicted of a felony or any

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		criminal misconduct which is relevant to the operation of the FIBRENEW® Service; or if you fail to maintain insurance.
i. Franchisee's obligations on termination/ non-renewal	10.3	Obligations include complete de-identification (removal of the vehicle wrap and signs), payment of amounts due, assigning or disconnecting phone numbers, providing customer list(s), and maintaining records
j. Assignment of contract by franchisor	11.12	May assign to company that assumes obligations
k. "Transfer" by franchisee - definition	3.15, 9.3.2	Includes resale of contract or assets or ownership change
l. Franchisor approval of transfer by franchisee	9.1, 9.3	We have the right to approve all transfers of the franchise, the FIBRENEW® Service operated under it, and any Substantial Interest in the franchisee entity. "Substantial Interest" means the right to 25% or more of the capital or earnings of a partnership or, alternatively, ownership of 25% or more of the voting stock of a corporation or 25% or more of the membership interest in a limited liability company. We will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	9.3.1	New franchisee qualifies, resale fee paid, purchase agreement approved, training undertaken, release signed by you, new franchisee signs current Franchise Agreement. Some of these requirements will only apply to Resale buyers. "Resale" is defined in Note 5 of Item 6.
n. Franchisor's right of first refusal to acquire franchisee's business	9.3	We have the right to match any offer to buy your business that is part of a Resale. "Resale" is defined in Note 5 of Item 6.
o. Franchisor's option to purchase franchisee's business	None	Not applicable
p. Death or disability of franchisee	9.4	Heirs must qualify or have 6 months to sell
q. Non-competition covenants during	8.6,	No involvement in competing business

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
the term of the franchise	Attachment 5	within your Exclusive Territory, within 50 miles of your Exclusive Territory or within any other franchisee's Exclusive Territory
r. Non-competition covenants after franchise is terminated or expires	8.6, Attachment 5	No involvement in competing business for 2 years within your Exclusive Territory, within 50 miles of your Exclusive Territory or within any other franchisee's Exclusive Territory.
s. Modification of the agreement	11.4, 7.2.2	Modification only by written agreement of parties (and payment of administrative fee in certain instances where the modifications result from a change in ownership other than a "Resale"); Manual may change
t. Integration/merger clause	11.6	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	11.7, 11.8	Except for certain claims, all disputes must be arbitrated by ADR Inst. of Canada in Calgary, Alberta (subject to state law). Any arbitration must be started within 1 year after the event complained of occurs.
v. Choice of forum	11.8	Except for certain claims, all disputes must be arbitrated by ADR Inst. of Canada in Calgary, Alberta (subject to state law). The Franchise Agreement does not specify a forum for any litigation.
w. Choice of law	11.2	Alberta, Canada law, except the Alberta Franchise Act will not apply unless it would be otherwise applicable without the Franchise Agreement's designation (subject to state law)

ITEM 18.
PUBLIC FIGURES

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

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

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

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 the franchisor's management by contacting Kelly Gregoryk, VP Administration, Box 117, Black Diamond, Alberta T0L 0H0 Canada, (800) 345-2951 Ext. 101, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2020 to 2022

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	2020	172	187	+15
	2021	187	204	+17
	2022	204	228	+24
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	172	187	+15
	2021	187	204	+17
	2022	204	228	+24

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022

COLUMN 1 STATE	COLUMN 2 YEAR	COLUMN 3 NUMBER OF TRANSFERS
Arizona	2020	2
	2021	0
	2022	1
Colorado	2020	1
	2021	0
	2022	0
Florida	2020	2*
	2021	1
	2022	0
Michigan	2020	2*
	2021	0
	2022	0
North Carolina	2020	0
	2021	0
	2022	1
Texas	2020	0
	2021	3
	2022	0
Total	2020	7
	2021	4
	2022	2

*In both of these instances, a single franchise was split and sold as 2 franchises

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Table No. 3

**Status of Franchised Outlets
For years 2020 to 2022**

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8	COLUMN 9
STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATION S	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
AL	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
AR	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
AZ	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	1	0	0	0	0	6
CA	2020	14	1	0	0	0	0	15
	2021	15	3	0	0	0	0	18
	2022 ¹	18	0	0	0	0	1	17
CO	2020	8	0	0	0	0	1	7
	2021 ²	7	1	0	0	0	1 ¹	7
	2022 ³	7	0	0	0	0	1	6
CT	2020 ⁴	1	0	0	0	0	0	1
	2021 ⁴	1	0	0	0	0	0	1
	2022 ⁴	1	1	0	0	0	0	2
DE	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
FL	2020 ⁵	12	4	1	1	0	1	13
	2021	13	5	0	0	0	0	18
	2022	18	5	0	0	0	0	23
GA	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	1	0	0	0	0	5
IA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
ID	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8	COLUMN 9
STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
IL	2020 ⁶	10	1	0	0	0	1	10
	2021 ⁷	10	1	0	1	0	0	10
	2022 ⁸	10	0	0	0	0	2	8
IN	2020	6	2	0	0	0	0	8
	2021 ⁹	8	0	0	0	0	0	8
	2022 ⁹	8	1	0	0	0	0	9
KS	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
KY	2020	2	1	0	0	0	0	3
	2021 ¹⁰	3	0	0	0	0	1	2
	2022	2	1	0	0	0	1	2
LA	2020	1	0	0	0	0	0	1
	2021 ¹¹	1	1	0	0	0	1	1
	2022	1	1	0	0	0	0	2
ME	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
MD	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
MA	2020	3	1	0	0	0	0	4
	2021 ¹²	4	1	0	0	0	1	4
	2022 ¹²	4	0	0	0	0	1	3
MI	2020	4	2	0	0	0	0	6
	2021	6	0	0	1	0	0	5
	2022	5	0	0	0	0	0	5
MN	2020 ^{13,14}	3	0	0	0	0	2	1
	2021	1	1	0	1	0	0	1
	2022	1	3	0	0	0	0	4
MO	2020	5	1	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	0	7
MS	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
MT	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8	COLUMN 9
STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
	2022	1	0	0	0	0	0	1
NC	2020	9	2	0	0	0	0	11
	2021	11	2	0	0	0	0	13
	2022 ¹⁵	13	1	0	0	0	1	13
ND	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NE	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	2	0	0	0	0	4
NH	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NJ	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NM	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NV	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
NY	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	0	0	1	0	0	5
OH	2020	8	1	0	1	0	0	8
	2021	8	0	1	0	0	0	7
	2022	7	0	0	0	0	0	7
OK	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	1	1
	2022	1	3	0	0	0	0	4
OR	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	1	3
	2022 ¹⁶	3	0	0	0	0	1	2
PA	2020 ¹⁷	11	1	0	0	0	2	10
	2021 ¹⁷	10	1	0	1	0	2	8
	2022 ¹⁷	8	2	0	2	0	1	7
SC	2020	5	1	0	0	0	0	6

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8	COLUMN 9
STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
	2021	6	1	0	2	0	0	5
	2022	5	1	0	0	0	0	6
SD	2020	2	0	0	0	0	1	1
	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
TN	2020 ¹⁸	6	0	0	0	0	0	6
	2021 ¹⁸	6	3	0	0	0	0	9
	2022 ¹⁸	9	1	0	0	0	1	9
TX	2020	19	1	0	0	0	0	20
	2021	20	9	0	0	0	0	29
	2022	29	3	0	0	0	1	31
UT	2020	3	1	0	0	0	0	4
	2021 ¹⁹	4	0	0	0	0	1	3
	2022	3	2	0	0	0	0	5
VA	2020 ²⁰	7	1	0	0	0	1	7
	2021 ²⁰	7	1	0	1	0	0	7
	2022	7	0	0	0	0	0	7
WA	2020	3	1	0	0	0	1	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	1	3
WI	2020	4	1	0	1	0	0	4
	2021	4	0	0	0	0	1	3
	2022	3	0	0	0	0	1	2
WV	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	172	29	1	3	0	10	187
	2021	187	36	1	8	0	10	204
	2022	204	40	0	3	0	13	228

- ¹ 1 CT territory relocated to FL
² 1 CO territory relocated to TX
³ 1 CO territory relocated to NM
⁴ 1 CT territory also services RI
⁵ 1 FL territory relocated to WA
⁶ 1 IL territory also services IA
⁷ 1 IL territory also services WI
⁸ 1 IL territory relocated to UT
⁹ 1 IN territory also services KY
¹⁰ 1 KY territory relocated to FL
¹¹ 1 LA territory relocated to TX

- ¹² 1 MA territory also services CT
¹³ 1 MN territory relocated to NE
¹⁴ 1 MN territory relocated to WI
¹⁵ 1 NC territory also services GA
¹⁶ 1 OR territory relocated to NV
¹⁷ 1 PA territory also services NJ
¹⁸ 1 TN territory also services GA
¹⁹ 1 UT territory relocated to TX
²⁰ 1 VA territory also services DE

Table No. 4

Status of Company-Owned Outlets
For years 2020 to 2022

COLUMN 1 STATE	COLUMN 2 YEAR	COLUMN 3 OUTLETS AT START OF THE YEAR	COLUMN 4 OUTLETS OPENED	COLUMN 5 OUTLETS REACQUIRED FROM FRANCHISEE	COLUMN 6 OUTLETS CLOSED	COLUMN 7 OUTLETS SOLD TO FRANCHISEE	COLUMN 8 OUTLETS AT END OF THE YEAR
[All States]	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5

Projected Openings As Of September 30, 2022

COLUMN 1 STATE	COLUMN 2 FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	COLUMN 3 PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	COLUMN 4 PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NET FISCAL YEAR
AK	0	1	0
AL	0	3	0
AR	0	1	0
AZ	0	1	0
CA	0	5	0
CT	0	2	0
FL	2	3	0
GA	0	3	0
HI	0	1	0
ID	0	1	0

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4
STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NET FISCAL YEAR
IL	1	1	0
KS	0	1	0
LA	0	2	0
MD	0	1	0
ME	0	1	0
MN	0	2	0
MO	0	2	0
NV	0	1	0
NH	0	1	0
NJ	0	2	0
NM	0	1	0
NY	0	2	0
OK	0	1	0
PA	0	1	0
SC	0	2	0
SD	0	1	0
TN	0	1	0
TX	1	1	0
VA	0	1	0
VT	0	1	0
WA	0	1	0
WI	0	1	0
WY	0	1	0
Total	4	50	0

Attached to this disclosure document as Exhibit D-1 is a list of the names of all franchisees under Franchise Agreements with us with the addresses and phone numbers of each of their Services.

Attached to this disclosure document as Exhibit D-2 is the name, city, state and last known telephone number of each franchisee whose FIBRENEW® franchise was terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No current or former franchisee has signed any confidentiality clauses with us that restricts the current or former franchisee from discussing his or her or their personal experience as a franchisee in our franchise system with any prospective franchisee.

There are no trademark-specific franchisee organizations associated with our franchise system known to us.

ITEM 21. **FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit B are our audited financial statements for the fiscal years ending September 30, 2022, September 30, 2021 and September 30, 2020. Our parent company does not commit to perform any of our post-sale obligations, and it does not otherwise guarantee our obligations. Our fiscal year end is September 30.

ITEM 22. **CONTRACTS**

The following agreements are proposed for use in this state:

Exhibit C-1: Franchise Agreement

Attachments:

- 1: Exclusive Territory
- 2: Authorization Agreement for Prearranged Payment
- 3: Start-Up Package
- 4: Conditional Assignment of Telephone Numbers
- 5: Non-disclosure and Non-competition Agreement
- 6: Personal Guaranty and Subordination Agreement
- 7: State Addenda
- 8: Technical Assistance Fee Schedule

Exhibit C-2: General Release of All Claims

ITEM 23. **RECEIPTS**

Two copies of an acknowledgment of your receipt of this disclosure document are included as Exhibit E-1 and E-2. Please complete both copies of the acknowledgment and return our copy to us. You should retain the other copy for your files.

**EXHIBIT 1 TO
FRANCHISE DISCLOSURE DOCUMENT
SPECIFIC STATE DISCLOSURES**

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF FIBRENEW USA LTD.

The following are additional disclosures for the Franchise Disclosure Document of Fibrenew as required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

1. No Waiver of Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed to by you 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 us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA

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

The following are added to the State Cover Page of the Franchise Disclosure Document as additional Risk Factors:

1. The Franchise Agreement contains a provision restricting the statute of limitations to one year, which may not be enforceable in certain states.
2. Each owner of the franchise is required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property state such as California
3. The franchisor reserves the right to change the trademark at any time with all costs being borne by the franchisee.
4. The chemicals contained in the franchisor's products may pose additional risks for franchisees, financially and environmentally.

Neither the franchisor, nor any person or franchise broker identified in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling the person from membership in the association or exchange.

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

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.).

The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A SPECIAL DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

The franchise agreement requires application of the laws of Alberta. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration in Calgary, Alberta, with the costs being borne by the unsuccessful party. 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.

Any provision in the franchise agreement soliciting the franchisee to waive any rights granted under California Corporations Code 31512 is void.

The Franchise Agreement contains liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release if you renew or transfer your franchise. California Corporations Code section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code sections 31000 through 31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code sections 20000 through 20043).

OUR WEBSITE IS [HTTP://WWW.FIBRENEW.COM](http://www.fibrenew.com). OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [HTTP://WWW.DFPI.CA.GOV](http://www.dfpi.ca.gov).

Registration of this franchise does not constitute approval, recommendation, or endorsement by the commissioner

HAWAII

The following language is added to the last paragraph of Items 5, 7 and 21 of the disclosure document:

We will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and your FIBRENEW® Service is open for business.

ILLINOIS

The following language is added to the last paragraph of Items 5 and 7 of the disclosure document:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced operating your FIBRENEW® Service. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

The franchise agreement provides for termination upon bankruptcy. A provision in a franchise agreement that terminates the franchise upon bankruptcy of the franchisee may not be enforceable under Title 11, U.S. Code Section 101.

Illinois Law governs the agreements between the parties to this franchise. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

INDIANA

The first sentence of the first paragraph of Section 8.5 of the Franchise Agreement is amended to read as follows:

You will indemnify and hold Fibrenew harmless from all expenses and liabilities of any kind arising from or in any way connected to the operation of your FIBRENEW® Service (other than expenses and liabilities caused by Fibrenew's negligence or by your proper reliance on or use of procedures or materials provided by Fibrenew) or any breach or violation of any contract or law by you or any of your Related Parties.

It is unlawful for any franchise agreement between any franchisor and a franchisee who is a resident of Indiana or a non-resident who is to operate the franchise in Indiana to contain a provision that requires a franchisee not to compete with the franchisor in an area greater than the exclusive territory granted in the franchise agreement or, if no exclusive territory is granted, in an area of more than reasonable size, upon Termination of a franchise agreement. (Ind. Code § 23-2-2.7-1(9)). Accordingly, Section 8.6 of the Franchise Agreement and Item 17 of the disclosure document are amended to apply to the area within a 3-mile radius of the FIBRENEW® Service.

Section 11.8 of the Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Indiana, with costs being borne by the non-prevailing party. The provision concerning the place where arbitration will occur is deleted from Section 11.8 of the Franchise Agreement.

Section 11.2 of the Franchise Agreement requires application of the laws of another state. This provision is deleted from the Indiana Franchise Agreement.

Item 17 of the disclosure document, Sections (u), (v), and (w), is amended to omit any reference to selection of an out-of-Indiana forum or choice of law.

Sections 4.4.2 (d) and 9.3.1 (h) of the franchise agreement require you to sign a general release of claims as a condition of renewing or reselling the franchise. Under the law of Indiana any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise laws of Indiana is void. Sections 4.4.2 and 9.3.1 of the Franchise Agreement and Item 17 of the disclosure document, Sections (c) (renewal) and (m) (resale), are amended to omit the requirement that an Indiana Franchisee sign a general release of claims as a condition of renewal or resale. This will not prevent Franchisor from requiring you to sign a general release of claims as part of a settlement of a dispute.

Section 11.9 of the Franchise Agreement is amended to read as follows:

You recognize that you are a member of a Franchise Network and that your acts and omissions may have a positive or negative effect on the success of other businesses operating under Fibrenew's Trade Name and in association with its Marks. Failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to Fibrenew and to some or all of the other franchisees of Fibrenew. For this reason, you agree that if Fibrenew can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of your breach or threatened breach of any of the terms of this Agreement, Fibrenew will be entitled to seek an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage, until a final determination is made by an arbitrator.

The following sentence is added at the end of Section 11.10 of the Franchise Agreement:

However, in Indiana, actions arising under Ind. Code Sections 23-2-2.5-1 to 51 are subject to Ind. Code Section 23-2-2.5-30, which provides for a statute of limitations running three years from the date of discovery of a violation and actions arising under Ind. Code Section 23-2-2.7-1 to 7 are subject to Ind. Code Section 23-2-2.7-7, which provides for a statute of limitations running two years from the date of the violation.

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.

Amendment to Item 17 of the disclosure document:

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.).

The general release required as a condition of renewal, sale and/or assignment/transfer of your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within three years after the franchise is granted.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, subject to the possible application of any enforceable arbitration provision.

MINNESOTA

Amendments to Item 6 of the disclosure document:

The following sentence is added to the "Remarks" column of the line-item titled "NSF Fee" in Item 6 of the Franchise Disclosure Document:

The highest service charge allowed under Minnesota law is \$30.

Amendments to Item 17 of the disclosure document:

17u. The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

17w. The Franchise Agreement requires application of the laws of a state other than Minnesota. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

17g. With respect to franchises governed by Minnesota law, the franchisors will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

17c and 17m. The Franchise Agreement requires you to sign a general release as a condition of renewing or transferring a franchise. Minn. Rule 2860.4400J prohibits us from requiring you to sign a release of claims arising under the Minnesota Franchise Law. Therefore, any release we require you to sign will exclude claims arising under the Minnesota Franchise Law.

17u. of the disclosure document and Section 11.9 of the Franchise Agreement is amended to read as follows:

You recognize that you are a member of a Franchise Network and that your acts and omissions may have a positive or negative effect on the success of other businesses operating in association with the Marks. Failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to Fibrenew and to some or all of its other franchisees. For this reason, you agree that if Fibrenew can demonstrate to a court of

competent jurisdiction that there is a substantial likelihood of your breach or threatened breach of any of the terms of the Franchise Agreement, Fibrenew will be entitled to seek an injunction restraining the breach and/or to a decree of specific performance until a final determination is made by an arbitrator.

17u of the disclosure document and Section 11.10 of the Franchise Agreement says that you may not maintain any action against Fibrenew unless you a) follow the mediation procedures of the franchise agreement and b) you begin an arbitration proceeding within 1 year after the notice. Under Minnesota law, any claims arising under § 80C must be brought within 3 years after the cause of action accrues. Therefore, in Minnesota the agreements are amended to provide for a 3-year period within which to bring any Minnesota claims.

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 SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 29 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

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 predecessors, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or

securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices; or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliates, its predecessor, officers, or general partners during the 10-year period immediately before the date of the offering circular:

- (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;
- (b) obtained a discharge of its debts under the bankruptcy code; or
- (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1

year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. 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.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. 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.

NORTH DAKOTA

The “Summary” sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Franchise Agreement chart of the Disclosure Document are amended by adding the following:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

The “Summary” section of Item 17(i), entitled **Franchisee’s obligations on termination/non-renewal**, of the Franchise Agreement chart of the Disclosure Document is amended by adding the following:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

The “Summary” section of Item 17(r), entitled **Non-competition covenants during the term of the franchise**, of the Franchise Agreement chart of the Disclosure Document is amended by adding the following:

Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, we will seek to enforce them to the extent enforceable.

The “Summary” section of Item 17(u), entitled **Dispute resolution by arbitration or mediation**, of the Franchise Agreement chart of the Disclosure Document is amended by adding the following:

However, to the extent required by the North Dakota Franchise Investment Law, arbitration will be at a site to which we and you mutually agree.

The “Summary” section of Item 17(v), entitled **Choice of Forum**, of the Franchise Agreement chart of the Disclosure Document is amended by adding the following:

Subject to arbitration requirements and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

The “Summary” section of Item 17(w), entitled **Choice of law**, of the Franchise Agreement chart of the Disclosure Document is amended by adding the following:

Except for federal law, North Dakota law governs.

RHODE ISLAND

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the disclosure document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor. In spite of the

provisions of Article 11 of the Deposit Agreement and to the extent required by Section 19-28.1-14 of the Rhode Island Franchise Investment Act, the Franchise Agreement will be governed by the laws of the State of Rhode Island.

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

SOUTH DAKOTA

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the franchise agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law.

The Franchise Agreement provides for arbitration in Alberta, Canada. Under South Dakota law, arbitration must be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association. Pursuant to SDCL 37.5B.21, a written provision in a franchise contract evidencing a transaction involving commerce to settle by arbitration a controversy thereafter arising out of the contract or transaction, or the refusal to perform the whole or any part thereof, or an agreement in writing to submit to arbitration an existing controversy arising out of the contract, transaction, or refusal, is valid, irrevocable, and enforceable except upon such grounds as exist at law or in equity for the revocation of any contract. However, any condition, stipulation, or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by or a right provided by this chapter or a rule or order under this chapter is void.

The Franchise Agreement designates Alberta, Canada law as the governing law. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but contractual and all other matters, will be subject to application, construction, enforcement, and interpretation under the governing law of Alberta, Canada.

Any provision in a franchise agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make 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.

VIRGINIA

Item 5 of the Disclosure Document, "Initial Fees," shall be amended by adding the following:

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

WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings

from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

ASSURANCE OF DISCONTINUANCE STATE OF WASHINGTON

To resolve an investigation by the Washington Attorney General and without admitting any liability, we have entered into an Assurance of Discontinuance ("AOD") with the State of Washington, where we have agreed to remove from our form franchise agreement a provision which restricts a franchisee from soliciting and/or hiring the employees of our other franchisees, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. We have agreed, as part of the AOD, to not enforce any such provisions in any existing franchise agreement, to request that our Washington franchisees amend their existing franchise agreements to remove such provisions, and to notify our franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against us

**EXHIBIT A TO
FRANCHISE DISCLOSURE DOCUMENT
STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of Department of Financial
Protection & Innovation
Department of Financial Protection &
Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

**EXHIBIT B TO
FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS**

Fibrenew U.S.A. Ltd.

Financial Statements

September 30, 2022 and 2021

(In U.S. dollars)

Fibrenew U.S.A. Ltd.**Financial Statements**
(In U.S. dollars)

September 30, 2022 and 2021

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Crowe MacKay LLP

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Independent Auditor's Report

**To the Shareholders
Fibrenew U.S.A. Ltd.
Calgary, Canada**

Opinion

We have audited the financial statements of Fibrenew USA Ltd., which comprise the balance sheets as of September 30, 2022 and 2021, and the related statements of income, retained earnings (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fibrenew USA Ltd. as of September 30, 2022 and 2021, 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 Audit of the Financial Statements* section of our report. We are required to be independent of Fibrenew USA Ltd. and to meet our other 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report (continued)

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 Fibrenew USA Ltd.'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 Fibrenew USA Ltd.'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.

Calgary, Canada
November 25, 2022

Crowe Mackay LLP
Chartered Professional Accountants

Fibrenew U.S.A. Ltd.

Statements of Income (In U.S. dollars)

For the years ended September 30,	2022	2021 Restated (Note 4)
Sales		
Technical assistance fees	\$ 1,735,420	\$ 1,503,394
Initial franchise fees	1,330,675	1,029,051
Start-up fees	1,209,013	1,072,168
Product sales	475,991	495,144
Other	51,160	64,828
	4,802,259	4,164,585
Cost of sales		
Franchise sales	1,031,750	870,613
Start-up costs (note 10)	987,139	809,462
Product sales (note 10)	388,075	398,455
Other (note 10)	22,774	32,850
	2,429,738	2,111,380
Gross margin (49.4%, 2021 49.3%)	2,372,521	2,053,205
Expenses		
Accounting and legal	92,745	64,308
Advertising and promotion (note 13)	238,535	170,234
Bad debts	-	1,332
Consulting fees	155,358	149,317
Franchise development and support	33,775	35,451
Management fees (note 10)	140,976	174,130
Office and administration	34,915	41,697
Overhead (note 10)	1,160,806	1,135,323
Sales	15,454	25,203
Travel	6,581	-
	1,879,145	1,796,995
Income before other items and income taxes	493,376	256,210
Other income (expense)		
Interest	1,692	1,688
Loss on foreign exchange	(46,120)	(36,452)
	(44,428)	(34,764)
Income before income taxes	448,948	221,446
Income taxes (note 5)		
Current	191,422	152,841
Deferred	41,531	43,631
	232,953	196,472
Net income	\$ 215,995	\$ 24,974

Fibrenew U.S.A. Ltd.**Statements of Retained Earnings (Deficit)**
(In U.S. dollars)

For the years ended September 30,	2022	2021 Restated (Note 4)
Retained earnings (deficit), beginning of year	\$ (379,119)	\$ 626,088
Net income	215,995	24,974
	(163,124)	651,062
Dividends paid	(500,308)	(1,030,181)
Deficit, end of year	\$ (663,432)	\$ (379,119)

Fibrenew U.S.A. Ltd.**Balance Sheets**
(In U.S. dollars)

September 30,	2022	2021 Restated (Note 4)
Assets		
Current		
Cash	\$ 321,785	\$ 575,796
Accounts receivable (note 6)	40,522	38,649
Prepaid expenses	68,379	104,801
Income taxes receivable	24,015	41,600
Short-term investments (note 7)	183,976	-
Current portion of contract assets (note 8)	825,988	698,207
	1,464,665	1,459,053
Contract assets (note 8)	1,960,996	1,814,436
Franchise fee (note 9)	3	3
Deferred income taxes (note 5)	84,116	125,647
	\$ 3,509,780	\$ 3,399,139

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 184,476	\$ 78,576
Deposits from franchisees	203,408	231,624
Due to related company (note 10)	7,055	30,181
Current portion of deferred revenue (note 11)	1,121,246	946,013
	1,516,185	1,286,394
Deferred revenue (note 11)	2,657,022	2,491,859
	4,173,207	3,778,253

Shareholders' deficit

Share capital (note 12)	5	5
Deficit	(663,432)	(379,119)
	(663,427)	(379,114)
	\$ 3,509,780	\$ 3,399,139

Subsequent events (note 16)

Approved on behalf of the Board:



, Director

Fibrenew U.S.A. Ltd.

Statements of Cash Flows (In U.S. dollars)

For the years ended September 30,	2022	2021 Restated (Note 4)
Cash provided by (used for)		
Operating activities		
Net income	\$ 215,995	\$ 24,974
Item not affecting cash		
Deferred income taxes	41,531	43,631
Foreign exchange	10,588	-
	268,114	68,605
Changes in assets and liabilities:		
Accounts receivable	(1,873)	(3,847)
Prepaid expenses	36,422	(97,892)
Income taxes	17,585	(49,332)
Accounts payable and accrued liabilities	105,900	29,549
Deposits from franchisees	(28,216)	230,929
Accrued interest on short-term investments	1,576	264
Contract assets	(274,341)	(125,483)
Deferred revenue	340,396	314,719
Net cash provided by operating activities	465,563	367,512
Financing activities		
Repayment from (to) related party	(23,126)	29,954
Dividends paid	(500,308)	(1,030,181)
Net cash used in financing activities	(523,434)	(1,000,227)
Investing activities		
Redemption of short-term investments	116,760	400,000
Purchase of short-term investments	(312,900)	-
Net cash (used in) provided by investing activities	(196,140)	400,000
Decrease in cash	(254,011)	(232,715)
Cash, beginning of years	575,796	808,511
Cash, end of years	\$ 321,785	\$ 575,796

Supplemental cash flow information

The Company had the following cash transactions:

Interest received	\$ 73	\$ 992
Income taxes paid	\$ 173,873	\$ 186,709

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2022 and 2021

1. Nature of operations

Fibrenew U.S.A. Ltd. (the "Company") was incorporated on September 20, 2005 under the laws of the Province of Alberta and commenced operations on October 1, 2005. The Company's major activities consist of the sale of franchises and products to franchisees who provide services to repair and re-dye leather, vinyl and plastic trim in the auto, aviation, furniture, marine and residential markets in the United States of America.

The Company is a wholly-owned subsidiary of Fibrenew International Ltd.

2. Global events

Global events, such as the COVID-19 pandemic and the war in Ukraine, have created uncertainties resulting in significant market volatility and a general restriction on the access to capital. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

3. Significant accounting policies

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows.

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and guaranteed investment certificates with maturities of 90 days or less from the fiscal year-end. The Company did not have any cash equivalents at September 30, 2022 and 2021.

(b) Short-term investments

Short-term investments include term deposits and cashable Guaranteed Investment Certificates, with maturity dates of greater than 90 days and less than one year from the fiscal year-end.

(c) Financial instruments

The Company initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Company subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2022 and 2021

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets measured at fair value include cash and short-term investments.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and due to related company.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(d) Foreign currency

Gains and losses on foreign exchange are recorded in the Statements of Income.

The Company's foreign operations are translated using the current rate method. Under this method foreign denominated monetary assets and liabilities are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses (other than amortization which is translated at rates pertaining to the related assets) are translated at the yearly average exchange rates. Non-monetary assets and liabilities are translated at the exchange rate at the date of acquisition. Exchange gains or losses arising on the translation are included in the Statements of Income.

(e) Income taxes

The Company is a limited liability company and reports as a taxable entity. The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and are measured using the enacted tax rates at which the resulting taxes are expected to be paid.

(f) Revenue recognition

The Company generates almost all of its revenue from contracts with customers. The Company's franchise agreements enter the parties into a contractual agreement, typically over a five year term. Upon entering into a franchise agreement, the Company charges an initial franchise fee and a start-up fee, which includes reimbursement of administrative costs, training costs and the costs of start-up packages. These fees are fully collectible and non-refundable as of the date of the signing of the franchise agreement. Further, because the Company's franchises are primarily a mobile concept and do not require finding locations or construction, the franchisees can begin operations as soon as they complete training. Per the terms of the franchise agreements, the Company also charges for technical assistance fees on a monthly basis, generally at a fixed amount, which increases over time.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2022 and 2021

3. Significant accounting policies (continued)

(f) Revenue recognition (continued)

Effective October 1, 2021, the Company began recognizing revenue under ASC 606 – *Revenue from Contracts with Customers*. This standard requires the transaction price received from customers be allocated to each separate and distinct performance obligation, which is then recognized as the performance obligations are satisfied as specified in the contract. With respect to initial franchise fees, the primary performance obligation is granting certain rights to use the Company's intellectual property ("IP") which is satisfied over time as the Company fulfills its promise to grant the rights to use, and benefit from, the Company's IP, as well as support and maintain the IP. The initial franchise fee, then, is recorded as deferred revenue at inception and recognized on a straight-line basis over the contract term.

Start-up fees are recorded once performance obligations have been satisfied being upon delivery of the start-up kit and completion of initial training.

The Company also charges a monthly technical assistance fee, which is recognized as revenue at the end of every month wherein technical assistance is expected to have been available and delivered, if necessary to the franchisee, or when the related performance obligation is satisfied.

The Company generates revenue from sales of products where the performance obligation is met, and therefore revenue is recognized, upon delivery of the products to the franchisee.

The Company accounts for franchise resales between parties as a contract modification under ASC 606. Because the resale does not increase the scope of the contract or promise any additional goods or services and there are no new distinct services that will be provided after the resale, the Company does not charge an initial franchise fee on a resale.

When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 606. Because the termination eliminates any future performance obligations of the Company, any deferred revenue associated with the terminated contract is recognized into revenue at the time of termination in the initial franchise fee line on the Company's Statements of Income.

(g) Contract assets

The Company recognizes as a contract asset the incremental costs incurred of obtaining a contract with a customer. Management determines the amount of costs to be recognized based on actual costs incurred and paid to obtain and fulfill these contracts. Contract assets are amortized to cost of sales on a straight-line basis over the contract term.

When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 340-40 – *Other Assets and Deferred Costs*. Because the termination eliminates any future performance obligations of the Company, any remaining contract asset associated with the terminated contract is recognized into expense at the time of termination as cost of sales on the Company's Statements of Income.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2022 and 2021

3. Significant accounting policies (continued)

(h) Use of estimates

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The most significant estimates include the assessment of the allowance for doubtful accounts and the provision for income taxes. The effect of changes in such estimates on the financial statements in future periods could be significant.

(i) Uncertain tax positions

The Company recognizes a tax position as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of a tax benefit that is greater than 50.00% likely of being realized on examination, with an examination being presumed to occur. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded. The Company's tax periods since inception of operations are open to examination. The Company's significant tax jurisdiction is Canada. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Company's policy is to include interest and penalties in interest expense.

(j) Future accounting standards

ASC 842 - Leases

ASC 842 was issued in July 2018 and specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with ASC 842's approach to lessor accounting substantially unchanged from its predecessor, ASC 840.

This standard is effective for reporting periods beginning after December 15, 2021. The adoption of this standard is not expected to have a material impact on the financial statements.

4. Restatement of prior period error

During the year, management identified an error in how the Company accounted for the adoption of ASC 606 in the prior year. The original amounts recognized upon adoption included contracts that had been terminated prior to the adoption date. As a result of this error, the following balances have been restated:

Fibrenew U.S.A. Ltd.**Notes to the Financial Statements**
(In U.S. dollars)

September 30, 2022 and 2021

4. Restatement of prior period error (continued)

As at September 30, 2021:

	As previously stated	Adjustment	Restated
Assets			
Contract assets	\$ 2,657,244	\$ (144,601)	\$ 2,512,643
Deferred income taxes	126,309	(662)	125,647
	<u>\$ 2,783,553</u>	<u>\$ (145,263)</u>	<u>\$ 2,638,290</u>
Liabilities			
Deferred revenue	\$ 3,629,709	\$ (191,837)	\$ 3,437,872
Shareholders' deficit			
Deficit	\$ (425,693)	\$ 46,574	\$ (379,119)

For the year ended September 30, 2021:

	As previously stated	Adjustment	Restated
Sales – Initial franchise fees	\$ 1,125,923	\$ (96,872)	\$ 1,029,051
Cost of sales – Franchise sales	944,685	(74,072)	870,613
Deferred income taxes	59,078	(15,447)	43,631
Net income	<u>\$ 32,327</u>	<u>\$ (7,353)</u>	<u>\$ 24,974</u>

Impact on operating cash flows for the year ended September 30, 2021:

	As previously stated	Adjustment	Restated
Net income	\$ 32,327	\$ (7,353)	\$ 24,974
Item not affecting cash:			
Deferred income taxes	59,078	(15,447)	43,631
Changes in assets and liabilities:			
Contract assets	(51,411)	(74,072)	(125,483)
Deferred revenue	217,847	96,872	314,719
Net	<u>\$ 257,841</u>	<u>\$ -</u>	<u>\$ 257,841</u>

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2022 and 2021

5. Income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 23% (2021 - 23%) to the income for the years as follows:

	2022	2021 Restated (Note 4)
Income for the year before income taxes	\$ 448,948	\$ 221,446
Anticipated income tax expense	\$ 103,258	\$ 50,933
Tax effect of the following:		
Effect of items not deductible for tax purposes	60	140
Impact of tax rate in foreign jurisdiction	175,690	152,841
Deferred tax asset reserve	(46,055)	(7,442)
Income tax expense	\$ 232,953	\$ 196,472

The Company has deferred tax assets that have been presented net of allowance provisions given that there is no reasonable expectation of recoverability. The foreign tax credits have arisen as a result of differences between withholding tax requirements in the United States of America and the corresponding calculation of corporate income taxes on foreign income in Canada.

The deferred tax balance is comprised of the following deferred tax asset and (liability) items:

	2022	2021 Restated (Note 4)
Foreign tax credits	\$ 484,015	\$ 308,000
Contract assets	(249,465)	(378,701)
Deferred revenue	333,581	504,348
Non-capital losses	2,761	2,761
Accumulated reserve provision	(486,776)	(310,761)
	\$ 84,116	\$ 125,647

The availability and amount of foreign tax credits carried forward is subject to assessment by the relevant taxation authorities and cannot exceed ten years.

6. Accounts receivable

	2022	2021
Trade receivables	\$ 6,944	\$ 1,000
Good and service tax recoverable	33,578	37,649
	\$ 40,522	\$ 38,649

Fibrenew U.S.A. Ltd.**Notes to the Financial Statements**
(In U.S. dollars)

September 30, 2022 and 2021

6. Accounts receivable (continued)

An allowance for doubtful accounts is established when losses are estimated to have occurred through a provision for bad debts charged to net income. The allowance for doubtful accounts is evaluated based on a periodic review of accounts receivable and is inherently subjective as it requires estimates that are susceptible to revision as more information becomes available. The allowance for doubtful accounts recorded at September 30, 2022 is \$nil (2021 - \$nil).

7. Short-term investments

	2022	2021
Term deposit maturing May 3, 2023 – 1.8% (CAD \$150,000)	\$ 110,505	\$ -
Term deposit maturing May 11, 2023 – 1.8% (CAD \$100,000)	73,471	-
	\$ 183,976	\$ -

Term deposit balances include accrued interest receivable of \$1,576 (2021 - \$nil).

8. Contract assets

In accordance with ASC 606, the costs related to obtaining a contract are to be capitalized as long as the costs are recoverable and incremental. Effective October 1, 2021, the date of adoption of ASC 606, the Company capitalized sales commissions as a contract asset and is amortizing those costs straight-line over the contract life of the franchise agreement to which they relate. During the years ended September 30, 2022 and 2021, the activity in the contract asset account was as follows:

	2022	2021 Restated (Note 4)
Balance, beginning of year	\$ 2,512,643	\$ -
Contract assets recognized upon adoption of ASC 606	-	2,387,161
Commissions paid	1,242,000	936,000
Commissions recognized into expense	(841,900)	(766,160)
Commissions recognized into expense on terminated contracts	(125,759)	(44,358)
Total contract assets	2,786,984	2,512,643
Less current portion	(825,988)	(698,207)
Balance, end of year	\$ 1,960,996	\$ 1,814,436

Prior to September 30, 2020, the Company had no activity in its contract assets account.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2022 and 2021

9. Franchise fee

On September 30, 2005, the Company acquired by way of a Section 85 Canadian Income Tax Act Election, certain franchise rights from Fibrenew International Ltd., its parent company. The Company issued 100 Class A common shares to effect the purchase. The transaction has been recorded at a nominal carrying value as the transaction was completed with a related party.

The rights acquired include the right to use the Fibrenew trademark and business system in connection with franchising in the United States of America, the assignment of existing franchise agreements in the United States of America and the right to sell products to those franchisees.

10. Due to related company and related party transactions

(a) Balances owing to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

(b) Transactions

The Company enters into transactions, in the ordinary course of business, with Fibrenew International Ltd., its parent company, Fibrenew Support Corp., Fibrenew Industries Ltd., and Fibrenew Enterprises LLC, which are related through common control.

During the years ended September 30, 2022 and 2021, the Company entered into the following transactions with related parties:

	2022	2021
Fibrenew International Ltd.		
Cost of sales - Products	\$ 388,075	\$ 398,455
Cost of sales - Start-up costs	987,139	809,462
Cost of sales - Other	22,774	21,732
Expenses - Overhead	1,160,806	1,135,323
	\$ 2,558,794	\$ 2,364,972
Fibrenew Industries Ltd. - Expenses - Management fees	\$ 140,976	\$ 174,130

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2022 and 2021

10. Due to related company and related party transactions (continued)

(c) Due to related company

	2022	2021
Fibrenew International Ltd.	\$ 7,055	\$ 30,181

The balance due to related company is unsecured, non-interest bearing with no specific terms of repayment.

The Company is reliant on these related parties to provide administrative, managerial and sales functions in addition to products for resale to franchisees. If the related parties were not able to provide these products and services, the Company would be required to perform these duties internally or procure the resources from a third party provider on economically viable terms.

11. Deferred revenue

In conjunction with the adoption of ASC 606, effective October 1, 2021, the Company recorded revenue as a contract liability for the initial franchise fees collected on contracts with specific performance obligations. Prior to September 30, 2021, the Company had no activity in its deferred revenue account. During the year ended September 30, 2022, the activity in the deferred revenue account was as follows:

	2022	2021 Restated (Note 4)
Balance, beginning of years	\$ 3,437,872	\$ -
Deferred revenue recognized upon adoption of ASC 606	-	3,123,154
Initial franchise fees collected	1,635,600	1,343,769
Initial franchise fees recognized into revenue	(1,134,089)	(975,436)
Franchise fees recognized into revenue on terminated contracts	(161,115)	(53,615)
Total deferred revenue	3,778,268	3,437,872
Less current portion	(1,121,246)	(946,013)
Balance, end of years	\$ 2,657,022	\$ 2,491,859
2023	\$ 1,121,246	\$ 946,013
2024	1,042,729	846,546
2025	880,726	762,466
2026	591,102	595,764
2027 +	142,465	287,083
Total deferred revenue	\$ 3,778,268	\$ 3,437,872

The above amounts are expected to be recognized into revenue related to performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2022 and 2021.

Fibrenew U.S.A. Ltd.**Notes to the Financial Statements**
(In U.S. dollars)

September 30, 2022 and 2021

12. Share capital

	2022	2021
Authorized		
Unlimited number of Class A and B common voting shares		
Unlimited number of Class C and D common non-voting shares		
Unlimited number of Class E and F non-cumulative, non-participating, redeemable and retractable preferred shares (the specific terms, including premium, to be set at time of issuance)		
Unlimited number of Class G, H and I non-cumulative, non-participating, redeemable (at a price determined by the Directors at the time of redemption), non-retractable preferred shares		
Issued		
200 Class A common voting shares	\$ 5	\$ 5

13. Advertising costs

Costs for producing and communicating advertising of \$238,535 (2021 - \$170,234) are expensed when incurred.

14. Foreign currency balances

The Company had the following financial assets and liabilities denominated in Canadian dollars that were converted at a rate of \$0.7296 (2021 - \$0.7849) Canadian dollars to \$1.00 US dollar:

	2022	2021
Cash and cash equivalents	\$ 64,938	\$ 9,113
Accounts receivable	46,023	47,966
Accounts payable and accrued liabilities	(45,000)	(45,000)
Income taxes receivable	32,916	53,000
	\$ 98,877	\$ 65,079

Fibrenew U.S.A. Ltd.**Notes to the Financial Statements**
(In U.S. dollars)

September 30, 2022 and 2021

15. Financial instruments**(a) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Financial instruments, which expose the Company to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates, consist primarily of cash and cash equivalents and the portion of accounts receivable, and accounts payable and accrued liabilities denominated in foreign currencies. The Company maintains adequate reserves of foreign currency in order to mitigate the potential for financial risk as estimated by management. The details of financial instruments denominated in foreign currencies are outlined in Note 14.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments and accounts receivable. The credit risk on cash and cash equivalents and short-term investments is a result of the fact that substantially all of the Company's cash and cash equivalents and short-term investment balances are held by one financial institution. The risk is considered by management to be limited as the counterparty is a financial institution with a high credit rating assigned by international credit rating agencies. The credit risk on accounts receivable is limited as the Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. There has been no history of material credit losses. As at September 30, 2022, the Company has an allowance for doubtful accounts of \$nil (2021 - \$nil).

16. Subsequent events

The Company has evaluated events and transactions that occurred from October 1, 2022 through November 25, 2022, the date the financial statements were available to be issued. As a result of the assessment, management has determined that there are no reportable events requiring recognition or note disclosure in the financial statements.

Fibrenew U.S.A. Ltd.

Financial Statements

September 30, 2021 and 2020

(In U.S. dollars)

Fibrenew U.S.A. Ltd.**Financial Statements**
(In U.S. dollars)

September 30, 2021 and 2020

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Independent Auditor's Report

**To the Shareholders
Fibrenew U.S.A. Ltd.
Calgary, Canada**

Report on the Financial Statements

We have audited the accompanying financial statements of Fibrenew U.S.A. Ltd., which comprise the balance sheets as of September 30, 2021 and 2020, and the related statements of income, retained earnings (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fibrenew U.S.A. Ltd. as of September 30, 2021 and 2020 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.

**Calgary, Canada
November 29, 2021**

Crowe MacKay LLP
Chartered Professional Accountants

Fibrenew U.S.A. Ltd.**Statements of Income**
(In U.S. dollars)

For the years ended September 30,	2021	2020
Sales		
Technical assistance fees	\$ 1,503,394	\$ 1,037,914
Initial franchise fees	1,125,923	1,117,661
Start-up fees	1,072,168	925,510
Product sales	495,144	436,972
Other	64,828	46,413
	4,261,457	3,564,470
Cost of sales		
Franchise sales	944,685	868,388
Start-up costs (note 10)	809,462	613,615
Product sales (note 10)	398,455	360,893
Other (note 10)	32,850	38,209
	2,185,452	1,881,105
Gross margin (48.7%, 2020 47.2%)	2,076,005	1,683,365
Expenses		
Accounting and legal	64,308	55,704
Advertising and promotion (note 13)	170,234	90,122
Bad debts	1,332	-
Consulting fees	149,317	148,364
Franchise development and support	35,451	27,453
Management fees (note 10)	174,130	89,244
Office and administration	41,697	38,949
Overhead (note 10)	1,135,323	828,303
Sales	25,203	20,076
Travel	-	3,970
	1,796,995	1,302,185
Income before other items and income taxes	279,010	381,180
Other income (expense)		
Interest	1,688	15,914
Loss on foreign exchange	(36,452)	(3,150)
	(34,764)	12,764
Income before income taxes	244,246	393,944
Income taxes (note 5)		
Current	152,841	145,418
Deferred	59,078	-
	211,919	145,418
Net income	\$ 32,327	\$ 248,526

Fibrenew U.S.A. Ltd.**Statements of Retained Earnings (Deficit)**
(In U.S. dollars)

For the years ended September 30,	2021	2020
Retained earnings, beginning of year	\$ 1,192,803	\$ 944,277
Adoption of ASC 606 (note 4)	(620,642)	-
Net income	32,327	248,526
	604,488	1,192,803
Dividends paid	(1,030,181)	-
Retained earnings (deficit), end of year	\$ (425,693)	\$ 1,192,803

Fibrenew U.S.A. Ltd.**Balance Sheets**
(In U.S. dollars)

September 30,	2021	2020
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Assets**Current**

Cash	\$	575,796	\$	808,511
Accounts receivable (note 6)		38,649		34,802
Prepaid expenses		104,801		6,909
Income taxes receivable		41,600		-
Short-term investments (note 7)		-		400,264
Current portion of contract assets (note 8)		772,278		-

	1,533,124	1,250,486
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Contract assets (note 8)	1,884,966	-
Franchise fee (note 9)	3	3
Deferred income taxes (note 5)	126,309	-

\$	3,544,402	\$	1,250,489
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Liabilities**Current**

Accounts payable and accrued liabilities	\$	78,576	\$	49,027
Deposits from franchisees		231,624		695
Income taxes payable		-		7,732
Due to related company (note 10)		30,181		227
Current portion of deferred revenue (note 11)		1,042,885		-

	1,383,266	57,681
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Deferred revenue (note 11)	2,586,824	-
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	3,970,090	57,681
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Shareholders' equity (deficit)

Share capital (note 12)	5	5
Retained earnings (deficit)	(425,693)	1,192,803

	(425,688)	1,192,808
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\$	3,544,402	\$	1,250,489
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Subsequent events (note 17)

Approved on behalf of the Board:

(Signed) "Michael Wilson", Director

Fibrenew U.S.A. Ltd.**Statements of Cash Flows**
(In U.S. dollars)

For the years ended September 30,	2021	2020
Cash provided by (used for)		
Operating activities		
Net income	\$ 32,327	\$ 248,526
Item not affecting cash		
Deferred income taxes	59,078	-
	91,405	248,526
Changes in assets and liabilities:		
Accounts receivable	(3,847)	3,818
Prepaid expenses	(97,892)	4,905
Income taxes	(49,332)	(22,665)
Accounts payable and accrued liabilities	29,549	5,597
Deposits from franchisees	230,929	(6,305)
Accrued interest on short-term investments	264	(140)
Contract assets	(51,411)	-
Deferred revenue	217,847	-
	367,512	233,736
Financing activities		
Repayment from (to) related party	29,954	(10,665)
Dividends paid	(1,030,181)	-
	(1,000,227)	(10,665)
Investing activities		
Redemption of short-term investments	400,000	3,700,000
Purchase of short-term investments	-	(3,500,000)
	400,000	200,000
Increase (decrease) in cash	(232,715)	423,071
Cash, beginning of years	808,511	385,440
Cash, end of years	\$ 575,796	\$ 808,511
Cash and cash equivalents consist of:		
Cash	\$ 575,796	\$ 108,426
Cash equivalents	-	700,085
	\$ 575,796	\$ 808,511
Supplemental cash flow information		
The Company had the following cash transactions:		
Interest received	\$ 992	\$ 17,906
Income taxes paid	\$ 186,709	\$ 107,290
The Company had the following non-cash transactions:		
Non-cash activity related to adoption of ASC 606 (note 4)	\$ 620,642	-

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2021 and 2020

1. Nature of operations

Fibrenew U.S.A. Ltd. (the "Company") was incorporated on September 20, 2005 under the laws of the Province of Alberta and commenced operations on October 1, 2005. The Company's major activities consist of the sale of franchises and products to franchisees who provide services to repair and re-dye leather, vinyl and plastic trim in the auto, aviation, furniture, marine and residential markets in the United States of America.

The Company is a wholly-owned subsidiary of Fibrenew International Ltd.

2. COVID-19

In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

3. Significant accounting policies

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows.

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and guaranteed investment certificates with maturities of 90 days or less from the fiscal year-end.

(b) Short-term investments

Short-term investments include term deposits and cashable Guaranteed Investment Certificates, with maturity dates of greater than 90 days and less than one year from the fiscal year-end.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2021 and 2020

3. Significant accounting policies (continued)

(c) Financial instruments

The Company initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Company subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at fair value include cash and cash equivalents and short-term investments.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and due to related company.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(d) Foreign currency

Gains and losses on foreign exchange are recorded in the statements of income.

The Company's foreign operations are translated using the current rate method. Under this method foreign denominated monetary assets and liabilities are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses (other than amortization which is translated at rates pertaining to the related assets) are translated at the yearly average exchange rates. Non-monetary assets and liabilities are translated at the exchange rate at the date of acquisition. Exchange gains or losses arising on the translation are included in the Statements of Income.

(e) Income taxes

The Company is a limited liability company and reports as a taxable entity. The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and are measured using the enacted tax rates at which the resulting taxes are expected to be paid.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2021 and 2020

3. Significant accounting policies (continued)

(f) Revenue recognition

The Company generates almost all of its revenue from contracts with customers. The Company's franchise agreements enter the parties into a contractual agreement, typically over a five year term. Upon entering into a franchise agreement, the Company charges an initial franchise fee and a start-up fee, which includes reimbursement of administrative costs, training costs and the costs of start-up packages. These fees are fully collectible and non-refundable as of the date of the signing of the franchise agreement. Further, because the Company's franchises are primarily a mobile concept and do not require finding locations or construction, the franchisees can begin operations as soon as they complete training. Per the terms of the franchise agreements, the Company also charges for technical assistance fees on a monthly basis, generally at a fixed amount, which increases over time.

Effective October 1, 2020, the Company began recognizing revenue under ASC 606. This standard requires the transaction price received from customers be allocated to each separate and distinct performance obligation, which is then recognized as the performance obligations are satisfied as specified in the contract. With respect to initial franchise fees, the primary performance obligation is granting certain rights to use the Company's intellectual property ("IP") which is satisfied over time as the Company fulfills its promise to grant the rights to use, and benefit from, the Company's IP, as well as support and maintain the IP. The initial franchise fee, then, is recorded as deferred revenue at inception and recognized on a straight-line basis over the contract term.

Start-up fees are recorded once performance obligations have been satisfied being upon delivery of the start-up kit and completion of initial training.

The Company also charges a monthly technical assistance fee, which is recognized as revenue at the end of every month wherein technical assistance is expected to have been available and delivered, if necessary to the franchisee, or when the related performance obligation is satisfied.

The Company generates revenue from sales of products where the performance obligation is met, and therefore revenue is recognized, upon delivery of the products to the franchise.

The Company accounts for franchise resales between parties as a contract modification under ASC 606. Because the resale does not increase the scope of the contract or promise any additional goods or services and there are no new distinct services that will be provided after the resale, the Company does not charge an initial franchise fee on a resale.

When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 606. Because the termination eliminates any future performance obligations of the Company, any deferred revenue associated with the terminated contract is recognized into revenue at the time of termination in the initial franchise fee line on the Company's Statements of Income.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2021 and 2020

3. Significant accounting policies (continued)

(g) Contract assets

The Company recognizes as a contract asset the incremental costs incurred of obtaining a contract with a customer. Management determines the amount of costs to be recognized based on actual costs incurred and paid to obtain and fulfill these contracts. Contract assets are amortized to cost of sales on a straight-line basis over the contract term.

When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 340-40. Because the termination eliminates any future performance obligations of the Company, any remaining contract asset associated with the terminated contract is recognized into expense at the time of termination in cost of sales on the Company's Statements of Income.

(h) Use of estimates

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The most significant estimates include the assessment of the allowance for doubtful accounts and the provision for income taxes. The effect of changes in such estimates on the financial statements in future periods could be significant.

(i) Uncertain tax positions

The Company recognizes a tax position as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of a tax benefit that is greater than 50.00% likely of being realized on examination, with an examination being presumed to occur. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded. The Company's tax periods since inception of operations are open to examination. The Company's significant tax jurisdiction is Canada. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Company's policy is to include interest and penalties in interest expense.

(j) Future changes to significant accounting policies

ASC 842 - Leases

ASC 842 was issued in July 2018 and specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with ASC 842's approach to lessor accounting substantially unchanged from its predecessor, ASC 840.

This standard is effective for reporting periods beginning after December 15, 2021. The adoption of this standard is not expected to have a material impact on the financial statements.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2021 and 2020

4. Recently adopted accounting standards (continued)

ASC 606 - Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts With Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP.

In connection with the adoption of ASC 606, the Company also adopted ASC 340-40, Other Assets and Deferred Costs - Contracts with Customers, which requires the deferral of incremental costs of obtaining a contract with a customer. Collective, ASC 606 and ASC 340-40 are referred to as "the new standard".

The Company adopted the new standard on October 1, 2020 using the modified retrospective approach with an adjustment to the balance of retained earnings, therefore comparative information from prior year periods has not been adjusted and continues to be reported under the accounting standards in effect for those periods, specifically under ASC 605.

For the year ended September 30, 2020, under ASC 605, the Company recognized revenue when all material services or conditions relating to the sale had been substantially performed or satisfied, the service price was fixed or determinable, and collection was reasonably assured. Accordingly, initial franchise fees and start-up fees were not recognized as revenue until initial training was completed and when substantially all of the services required by the franchise agreement were fulfilled by the Company. Further, technical assistance fees were recognized as earned on a monthly basis, while product sales were recognized upon shipment to franchisees. Revenues received in advance of the recognition criteria being met were deferred until the relevant revenue recognition criteria are met. At September 30, 2020, the Company had no unearned revenue for fees collected but not yet earned per the previous ASC 605 revenue recognition standard.

Effective October 1, 2020 the Company began recognizing revenue under the new standard. This standard requires that the transaction price received from customers be allocated to each separate and distinct performance obligation which is then recognized as the performance obligations are satisfied as specified in the contract.

The new standard also requires entities to recognize as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. The Company considers sales commissions on initial franchise sales to be incremental costs of obtaining a contract and has accordingly recorded these costs as contract assets upon adoption of the new standard. Under previous accounting guidance, these costs were expensed as incurred when the related revenue was recognized.

The adoption of the new standard resulted in the following adjustment being recorded on October 1, 2020, the date of adoption:

Fibrenew U.S.A. Ltd.**Notes to the Financial Statements**
(In U.S. dollars)

September 30, 2021 and 2020

4. Recently adopted accounting standards (continued)

	Amounts as reported on September 30, 2020		Adjustment	October 1, 2020
Assets				
Contract assets	\$	-	\$ 2,605,833	\$ 2,605,833
Deferred income taxes		-	185,387	185,387
	\$	-	\$ 2,791,220	\$ 2,791,220
Liabilities				
Deferred revenue	\$	-	\$ 3,411,862	\$ 3,411,862
Shareholders' equity				
Retained earnings	\$	1,192,803	\$ (620,642)	\$ 572,161

Adopting the new accounting standards for revenue affected several financial statement line items for the fiscal year ended September 30, 2021. The following tables provide the affected amounts as reported in these audited financial statements compared with what they would have been if the previous accounting guidance had remained in effect.

Changes to the balance sheet as at September 30, 2021 are as follows:

	Amounts under ASC 606		Effects of adoption	Amounts under previous standards		
Assets						
Contract assets (total)	\$	2,657,244	\$	2,657,244	\$	-
Deferred income taxes		126,309		126,309		-
	\$	2,783,553	\$	2,783,553		-
Liabilities						
Deferred revenue (total)	\$	3,629,709	\$	3,629,709		-
Shareholders' equity (deficit)						
Retained earnings (deficit)	\$	(425,693)	\$	(846,156)	\$	420,463

Fibrenew U.S.A. Ltd.**Notes to the Financial Statements**
(In U.S. dollars)

September 30, 2021 and 2020

4. Recently adopted accounting standards (continued)

Changes to the statement of income for the fiscal year ended September 30, 2021 are as follows:

	Amounts under ASC 606	Effects of adoption	Amounts under previous standards
Sales	\$ 4,261,457	\$ (217,847)	\$ 4,479,304
Cost of sales	2,185,452	(51,411)	2,236,863
Deferred income taxes	59,078	59,078	-
Net income	\$ 32,327	\$ (225,514)	\$ 257,841

Changes to the statement of cash flows for the fiscal year ended September 30, 2021 are as follows:

	Amounts under ASC 606	Effects of adoption	Amounts under previous standards
Net income	\$ 32,327	\$ (225,514)	\$ 257,841
Item not affecting cash			
Deferred income taxes	59,078	59,078	-
Changes in assets and liabilities:			
Contract assets	(51,411)	(51,411)	-
Deferred revenue	217,847	217,847	-

5. Income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 23% (2020 - 24.75%) to the income for the years as follows:

	2021	2020
Income for the year before income taxes	\$ 244,246	\$ 393,944
Anticipated income tax expense	\$ 56,177	\$ 97,501
Tax effect of the following:		
Effect of items not deductible for tax purposes	140	103
Foreign exchange	-	124
Impact of tax rate in foreign jurisdiction	152,841	16,375
Deferred tax asset reserve	2,761	31,315
Income tax expense	\$ 211,919	\$ 145,418

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2021 and 2020

5. Income taxes (continued)

The Company has deferred tax assets that have been presented net of allowance provisions given that there is no reasonable expectation of recoverability. The foreign tax credits have arisen as a result of differences between withholding tax requirements in the United States of America and the corresponding calculation of corporate income taxes on foreign income in Canada.

The deferred tax balance is comprised of the following deferred tax asset and (liability) items:

	2021	2020
Foreign tax credits	\$ 308,000	\$ 155,000
Contract assets	(422,161)	-
Deferred revenue	548,470	-
Non-capital losses	2,761	-
Accumulated reserve provision	(310,761)	(155,000)
	\$ 126,309	\$ -

The availability and amount of foreign tax credits carried forward is subject to assessment by the relevant taxation authorities and cannot exceed ten years.

6. Accounts receivable

	2021	2020
Trade receivables	\$ 1,000	\$ 7,978
Good and service tax recoverable	37,649	26,824
	\$ 38,649	\$ 34,802

An allowance for doubtful accounts is established when losses are estimated to have occurred through a provision for bad debts charged to net income. The allowance for doubtful accounts is evaluated based on a periodic review of accounts receivable and is inherently subjective as it requires estimates that are susceptible to revision as more information becomes available. The allowance for doubtful accounts recorded at September 30, 2021 is \$nil (2020 - \$nil).

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2021 and 2020

7. Short-term investments

	2021	2020
Term deposit maturing January 26, 2021 - 0.35% (USD \$200,000) \$	- \$	200,129
Term deposit maturing March 9, 2021 - 0.18% (USD \$150,000)	-	150,015
Term deposit maturing June 4, 2021 - 0.75% (USD \$50,000)	-	50,120
	\$ -	\$ 400,264

Term deposit balances include accrued interest receivable of \$nil (2020 - \$264).

8. Contract assets

In accordance with ASC 606, the costs related to obtaining a contract are to be capitalized as long as the costs are recoverable and incremental. Effective October 1, 2020, the date of adoption of ASC 606, the Company capitalized sales commissions as a contract asset and is amortizing those costs straight-line over the contract life of the franchise agreement to which they relate. During the year ended September 30, 2021, the activity in the contract asset account was as follows:

	2021	2020
Balance, beginning of year	\$ -	\$ -
Contract assets recognized upon adoption of ASC 606	2,605,833	-
Commissions paid	936,000	-
Commissions recognized into expense	(840,231)	-
Commissions recognized into expense on terminated contracts	(44,358)	-
Total contract assets	2,657,244	-
Less current portion	(772,278)	-
Balance, end of year	\$ 1,884,966	\$ -

Prior to September 30, 2020, the Company had no activity in its contract asset account.

9. Franchise fee

On September 30, 2005, the Company acquired by way of a Section 85 Canadian Income Tax Act Election, certain franchise rights from Fibrenew International Ltd., its parent company. The Company issued 100 Class A common shares to effect the purchase. The transaction has been recorded at a nominal carrying value as the transaction was completed with a related party.

The rights acquired include the right to use the Fibrenew trademark and business system in connection with franchising in the United States of America, the assignment of existing franchise agreements in the United States of America and the right to sell products to those franchisees.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2021 and 2020

10. Due to related company and related party transactions

- (a) Balances owing to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.
- (b) Transactions

The Company enters into transactions, in the ordinary course of business, with Fibrenew International Ltd., its parent company, Fibrenew Support Corp., Fibrenew Industries Ltd., and Fibrenew Enterprises LLC, which are related through common control.

	2021	2020
Fibrenew International Ltd.		
Cost of sales - Products	\$ 398,455	\$ 360,893
Cost of sales - Start-up costs	809,462	613,615
Cost of sales - Other	21,732	17,766
Expenses - Overhead	1,135,323	828,303
	\$ 2,364,972	\$ 1,820,577
Fibrenew Industries Ltd. - Expenses - Management fees	\$ 174,130	\$ 89,244

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

- (c) Due to related company

	2021	2020
Fibrenew International Ltd.	\$ 30,181	\$ 227

The balance due to related company is unsecured, non-interest bearing with no specific terms of repayment.

The Company is reliant on these related parties to provide administrative, managerial and sales functions in addition to products for resale to franchisees. If the related parties were not able to provide these products and services, the Company would be required to perform these duties internally or procure the resources from a third party provider on economically viable terms.

Fibrenew U.S.A. Ltd.**Notes to the Financial Statements**
(In U.S. dollars)

September 30, 2021 and 2020

11. Deferred revenue

In conjunction with the adoption of ASC 606, effective October 1, 2020, the Company recorded revenue as a contract liability for the initial franchise fees collected on contracts with specific performance obligations. Prior to September 30, 2020, the Company had no activity in its deferred revenue account. During the year ended September 30, 2021, the activity in the deferred revenue account was as follows:

	2021	2020
Balance, beginning of years	\$ -	\$ -
Deferred revenue recognized upon adoption of ASC 606	3,411,862	-
Initial franchise fees collected	1,343,769	-
Initial franchise fees recognized into revenue	(1,072,307)	-
Franchise fees recognized into revenue on terminated contracts	(53,615)	-
Total deferred revenue	3,629,709	-
Less current portion	(1,042,885)	-
Balance, end of years	\$ 2,586,824	\$ -
2022	\$ 1,042,885	
2023	903,614	
2024	785,342	
2025	607,988	
2026 +	289,880	
Total deferred revenue	\$ 3,629,709	

The above amounts are expected to be recognized into revenue related to performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2021.

Fibrenew U.S.A. Ltd.

Notes to the Financial Statements (In U.S. dollars)

September 30, 2021 and 2020

12. Share capital

	2021	2020
Authorized		
Unlimited number of Class A and B common voting shares		
Unlimited number of Class C and D common non-voting shares		
Unlimited number of Class E and F non-cumulative, non-participating, redeemable and retractable preferred shares (the specific terms, including premium, to be set at time of issuance)		
Unlimited number of Class G, H and I non-cumulative, non-participating, redeemable (at a price determined by the Directors at the time of redemption), non-retractable preferred shares		
Issued		
200 Class A common voting shares	\$ 5	\$ 5

13. Advertising costs

Costs for producing and communicating advertising of \$170,234 (2020 - \$90,122) are expensed when incurred.

14. Comparative amounts

Certain 2020 comparative amounts have been reclassified to conform with the financial statement presentation adopted in 2021.

15. Foreign currency balances

The Company had the following financial assets and liabilities denominated in Canadian dollars that were converted at a rate of \$0.7849 (2020 - \$0.7497) Canadian dollars to \$1.00 US dollar:

	2021	2020
Cash and cash equivalents	\$ 9,113	\$ 35,851
Accounts receivable	47,966	35,780
Accounts payable and accrued liabilities	(45,000)	(30,000)
Income taxes receivable (payable)	53,000	(10,313)
	\$ 65,079	\$ 31,318

Fibrenew U.S.A. Ltd.**Notes to the Financial Statements**
(In U.S. dollars)

September 30, 2021 and 2020

16. Financial instruments**(a) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Financial instruments, which expose the Company to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates, consist primarily of cash and cash equivalents and the portion of accounts receivable, and accounts payable and accrued liabilities denominated in foreign currencies. The Company maintains adequate reserves of foreign currency in order to mitigate the potential for financial risk as estimated by management. The details of financial instruments denominated in foreign currencies are outlined in Note 15.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments and accounts receivable. The credit risk on cash and cash equivalents and short-term investments is a result of the fact that substantially all of the Company's cash and cash equivalents and short-term investment balances are held by one financial institution. The risk is considered by management to be limited as the counterparty is a financial institution with a high credit rating assigned by international credit rating agencies. The credit risk on accounts receivable is limited as the Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. There has been no history of material credit losses. As at September 30, 2021, the Company has an allowance for doubtful accounts of \$nil (2020 - \$nil).

17. Subsequent events

The Company has evaluated events and transactions that occurred from October 1, 2021 through November 26, 2021, the date the financial statements were available to be issued. As a result of the assessment, management has determined that there are no reportable events requiring recognition or note disclosure in the financial statements.

**EXHIBIT C-1 TO
FRANCHISE DISCLOSURE DOCUMENT
FIBRENEW FRANCHISE AGREEMENT**

FIBRENEW[®]

Experts in Leather, Plastic & Vinyl Restoration

**FIBRENEW USA LTD.
FRANCHISE AGREEMENT**

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ATTACHMENTS:

- 1: Exclusive Territory
- 2: Authorization Agreement for Prearranged Payment (Direct Debits)
- 2-A: Authorization Agreement for Prearranged Payment (Credit Cards)
- 3: Start-Up Package
- 4: Conditional Assignment of Telephone Numbers
- 5: Non-disclosure and Non-competition Agreement
- 6: Personal Guaranty
- 7: State Addenda
- 8: Technical Assistance Fee Schedule

FIBRENEW® FRANCHISE AGREEMENT

1. PARTIES

This Agreement is made as of the date specified as the effective date on the signature page of this Agreement ("Effective Date"), between Fibrenew USA Ltd. ("Fibrenew," "we" or "us"), an Alberta corporation with its principal office in Black Diamond, Alberta, and the franchisee identified on the signature page of this Agreement ("you"). In exchange for the following mutual promises and other consideration, the parties agree as follows:

2. RECITALS

2.1. Ownership of System

We are the owner or licensee of certain intellectual property rights, including the Fibrenew Trade Name, "FIBRENEW®," and the Marks, including the word "Fibrenew." We and our Related Parties have spent a considerable amount of time, effort, and money to develop (and continue to develop) business methods, technical knowledge, and marketing concepts, including trade secrets, commercial ideas, administrative procedures, information on sources of supply, marketing strategies, business forms, advertising materials, distinctive signs, and employee training techniques that, taken together, make up a proprietary system for the operation of mobile services that repair and restore leathers, vinyls, velours, plastics, carpeting, and fabrics.

2.2. Objectives of Parties

We would like to grant to you and you would like to accept from us a franchise to own and operate a FIBRENEW® Service, using the FIBRENEW® Trade Name, Marks, and System, upon the terms and conditions below.

3. DEFINITIONS

For purposes of this Franchise Agreement, when any of the following words and phrases begins with a capital letter, its meaning is defined in this Article 3:

3.1. Agreement

"The Agreement" or "this Agreement" means "this Franchise Agreement."

3.2. Designated Manager

"Designated Manager" means "the person whom you have appointed as general manager of a FIBRENEW® Service."

3.3. Exclusive Territory

"Exclusive Territory" means "a geographic area that we have approved in writing as a territory within which you may own and operate a FIBRENEW® Service."

3.4. FIBRENEW® Service and Franchised Business

"FIBRENEW® Service" and "Franchised Business" means "the business that we have authorized you to conduct under the Trade Name, Marks, and System within an Exclusive Territory under this Agreement." "FIBRENEW® Service" and "Franchised Business" are also called "Service."

3.5. Fibrenew, Franchisor, Us, We or Our

"Fibrenew," "Franchisor," "we," or "our" means "Fibrenew USA Ltd. or any person or entity to which Fibrenew USA Ltd. allocates all or part of its rights and obligations under this Agreement."

3.6. Franchise Network

"Franchise Network" means "the interdependent network composed of Fibrenew, all FIBRENEW® franchisees, our Related Parties, and any other people or business entities that we have licensed to use the Trade Name, Marks, System or any of them."

3.7. Good Standing

"Good Standing" means "timely compliance by you and your Related Parties with all provisions of this Agreement and the Manual, specifically including provisions for timely payment of amounts owed by you to us or our Related Party."

3.8. Gross Revenue

"Gross Revenue" means "the total amount of money received by you and your Related Parties for all goods sold and services rendered within the Exclusive Territory or in connection with the Trade Name or Marks, excluding sales tax, within an accounting period."

3.9. Index

"Index" means "the Consumer Price Index: All Items/U. S. City Average - All Urban Consumers (1982-1984 = 100), published by the Bureau of Labor Statistics, U. S. Department of Labor, or a comparable index selected by us should the above-referenced index cease to be published."

3.10. Manual

"Manual" means, the "Fibrenew Operations Manual," which includes, collectively, "the Technical, Light Upholstery and SDS Manuals that we will make available to you through our online intranet, or in other electronic format or in hard copy, during the term of this Agreement and that contain information, training checklists, guidelines, forms and requirements for the establishment and operation of a FIBRENEW® Service and for use of our Trade Name and Marks. These documents may be revised from time to time to modify or supplement the Fibrenew System and procedures or to adapt the System to new conditions or technology." "Manual" includes any written direction from Fibrenew to Franchisee, whether given by electronic or other means.

3.11. Marks

"Marks" means "selected trademarks, Service marks, trade dress, logotypes, slogans and other commercial symbols licensed by us to you under this Agreement."

3.12. Preferred Vendor Account

"Preferred Vendor Account" is defined in Section 5.9 of this Agreement.

3.13. Proprietary Product

"Proprietary Product" means "any product that has been manufactured in accordance with our specifications or that has been packaged or labeled with the FIBRENEW® Marks."

3.14. Related Party

"Related Party" or "Related Parties" means "people and companies affiliated with us or you, as the context indicates, including, but not limited to, owners, general partners, limited partners owning a Substantial Interest in the relevant party, shareholders owning a Substantial Interest in the relevant party, corporations and limited liability companies in which the relevant party has a Substantial Interest, corporations and limited liability companies in which any person or entity owning a Substantial Interest in the relevant party also has a Substantial Interest, or officers, directors, members, managing members, employees or agents of the relevant party." The phrase "Substantial Interest" means "the right to 25% or more of the capital or earnings of a partnership or, alternatively, ownership of 25% or more of the voting stock of a corporation or 25% or more of the membership interest in a limited liability company."

3.15. Resale

"Resale" means "any sale, gift, transfer, assignment, delegation or other change in ownership of all or any part of the rights and obligations: 1) of this Agreement, 2) of the FIBRENEW® Service, or 3) of an ownership interest in you of a magnitude at least as great as that described in this Section. If you are a partnership, then one or more transactions (regardless of whether or not they are related) in which there is a cumulative change in the rights to 50% or more of your capital or profits will be considered to be a Resale; if you are a corporation, then one or more transactions (regardless of whether or not they are related) in which there is a cumulative change in beneficial ownership of 50% or more of your voting stock will be considered to be a Resale; if you are a limited liability company, then one or more transactions (regardless of whether or not they are related) in which there is a cumulative change in beneficial ownership of 50% or more of your membership interest will be considered to be a Resale.

3.16. System

"System" means "the business methods, technical knowledge, proprietary software, and marketing concepts licensed by us to you under this Agreement, including the right to use our trade secrets, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply,

administrative procedures, business forms, distinctive signs, trade dress, architectural design, and training techniques."

3.17. Termination

"Termination" means "expiration of this Agreement; non-renewal of this Agreement; or termination, under the circumstances described in Article 10 of this Agreement, of the then-current term of this Agreement before its normal expiration date."

3.18. Trade Name

"Trade Name" means the commercial name "FIBRENEW®."

3.19. You or Franchisee

"You" or "Franchisee" means "the person, corporation, partnership or other entity that is named as the franchisee on the signature page of this Agreement." "You" means, in addition, "all people or entities that succeed to your interest by Resale or operation of law."

4. GRANT OF FRANCHISE

4.1. Granting Clause

We grant to you and you accept from us a franchise to operate a FIBRENEW® Service under the Trade Name, Marks and System subject to the terms and conditions of this Agreement.

4.2. Exclusive Territory

4.2.1. Your Exclusive Territory is made up of the zip codes listed in Attachment 1 of this Agreement. You may:

(a) only solicit, advertise, and provide Fibrenew services to customers whose principal place of business or primary residence is located in your Exclusive Territory;

(b) only provide Fibrenew services (1) at your commercial store located in your Exclusive Territory, (2) at customer locations in your Exclusive Territory, or (3) where the customer's item to be repaired is normally located (for example, for vehicles, boats, and airplanes this means where they are normally garaged, docked, or hangared) in your Exclusive Territory; and

(c) provide Fibrenew services for items transported by you or the customer (derived from your Exclusive Territory) to your Fibrenew business for on-premises repair at your home office, regardless whether your home office is located within your Exclusive Territory, provided that if your home office is located in another franchisee's exclusive territory, we may restrict or prohibit such home-office services if we reasonably determine such services would pose a conflict with such other franchisee.

4.2.2. You may not solicit, advertise nor perform Fibrenew services outside your Exclusive Territory (except with respect to home-office services described in Section 4.2.1(c) above), provided Fibrenew may consent to you providing services to customers outside your Exclusive Territory (in an area not covered by another Fibrenew service) on the condition that you will immediately relinquish your customers list to Fibrenew (and cease doing business with such customers and refer such customers to us), without receiving or accepting any compensation or other consideration for so doing, if we withdraw our consent or if the territory is granted to another franchisee.

4.2.3. So long as you are in Good Standing under this Agreement, and except as otherwise provided in Section 4.3 of this Agreement, we will not directly or indirectly operate, nor license or franchise another person to operate, another Fibrenew business within the Exclusive Territory (except with respect to home-office services described in Section 4.2.1(c), above), nor sell Fibrenew products to another service provider in the Exclusive Territory (except with respect to home-office services described in Section 4.2.1(c), above), subject to our Preferred Vendor Account policies in Section 5.9

4.3. Rights Reserved

Except as expressly provided in this Agreement, the franchise is non-exclusive. We reserve all rights in the Trade Name, Marks and System not expressly granted in this Agreement, including the rights to:

- (a) Sell at retail or wholesale or otherwise, directly or indirectly, or license others to sell or distribute, any products or services which bear any proprietary marks, including the Trade Name or Marks, including any Proprietary Products, through any means of distribution not specifically prohibited by Section 4.2. of this Agreement;
- (b) Own, acquire, establish, operate or offer franchises to others for any business whatsoever outside the Exclusive Territory regardless of how close the business or territory is to your Exclusive Territory;
- (c) Sell Proprietary Products through any means of distribution not specifically prohibited by another provision of this Agreement, including wholesale distribution to retail stores, by catalog sales, or by Internet sales;
- (d) Engage in, or authorize others to engage in, any form of business offering and selling any type of product or service not granted to the franchisee, including, the unrestricted right, in our discretion, directly and indirectly, ourselves and through our employees, affiliates, representatives, franchisees, licensees, assigns, agents and others to produce, license, distribute, market and deliver "Fibrenew," brand named products, and products bearing other marks, including clothing, souvenirs and novelty items, by means of e commerce;
- (e) Acquire, or be acquired by, any competing system, including a competing system that has one or more units within your Exclusive Territory; and

- (f) Upon 3 days' notice to you, exclude from your Exclusive Territory any customer, if you elect not to service a customer or we have received complaints regarding a customer, in which case, we may allow another franchisee or affiliate to service that customer without any liability or compensation to you, regardless of any other provisions in this Agreement.

4.4. Term and Renewal

4.4.1. Initial Term

The initial term of the franchise will begin on the Effective Date and will continue for a period of 5 years.

4.4.2. Renewal

You will have the right to renew the franchise on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal; provided, however, that we may (but are not obligated to) continue to assess fees and product purchase requirements as we do so in your currently effective franchise agreement with us. You will have the right to renew the franchise as described in this Section 4.4.2 only if you meet the following conditions at the time of each renewal:

- (a) You and your Related Parties are in Good Standing under this Agreement, any other Agreement between us or our Related Party and you, and the Manual;
- (b) You have notified us in writing at least 90 days before the expiration date of this Agreement of your wish to renew and you have provided to us a picture of your current vehicle(s) and wrap(s), for review. If your fleet vehicle(s) does/do not have current vehicle signs, you must update them in accordance with the Agreement and Manual as a condition of renewal;
- (c) You have tendered to us a non-refundable renewal processing fee of **\$500**;
- (d) You and any Related Parties that have signed this Agreement have signed a copy of the new Franchise Agreement not less than 30 days before the expiration of this Agreement or 30 days after you receive a copy of the new Franchise Agreement from us, whichever is later; and
- (e) You and any Related Parties that are parties to this Agreement have signed a general release of claims in a form satisfactory to us with respect to past dealings with us and our Related Parties.
- (f) You understand that the terms of the standard franchise agreements in use by us at the times of renewal may be materially different than those contained in this agreement, including, but not limited to, increased technical assistance fees and other fees. You understand that your right to renew will be contingent upon your acceptance of the new terms.

4.5. Related Agreements.

To induce us to enter into this Agreement, you and your Related Parties (as we require) must sign and deliver to us the Authorization Agreement for Prearranged Payment (Direct Debits), Authorization Agreement for Prearranged Payment (Credit Card), Conditional Assignment of Telephone Numbers, Non-disclosure and Non-competition Agreement, Personal Guaranty, and State Addenda in the forms attached to this Agreement.

5. SERVICES TO FRANCHISEE

We agree to perform the following services for you at locations selected by us provided that you are, at the time when service is to be rendered, in Good Standing under this Agreement, any other agreement with us or our Related Party, and the Manual.

5.1. Training

5.1.1 Pre-Training Program:

If you are signing this Agreement for a new FIBRENEW® Service franchise or if you are signing this Agreement as a buyer in a Resale, then prior to attending the in-person classroom training, you or your Designated Manager must complete to our satisfaction the following pre-training tasks: a complete marketing plan of your territory, home office and workspace setup, suggested business development learning and required reading (with reading materials to be purchased, rented from a library, or otherwise sourced at your own expense). We estimate these tasks will take approximately 20 to 30 hours plus time for required reading. We do not charge a fee for this pre-training program. If you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then we will not require you to complete the above-mentioned pre-training tasks.

5.1.2 Classroom Training

If you are signing this Agreement for a new FIBRENEW® Service franchise or if you are signing this Agreement as a buyer in a Resale, then before the opening of your FIBRENEW® Service, we will conduct a classroom training program in the operation of the FIBRENEW® Service under the FIBRENEW® System for you and your Designated Manager(s). We will provide training for up to two (2) people in-person or three (3) people online at no charge. Additional people may attend at your cost. You (or, if you are an entity, one of your principals) and your Designated Manager (if applicable) must attend and successfully complete the training program to our satisfaction before you may open a FIBRENEW® Service. If you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then we will not require you to attend classroom training. If the employment of a Designated Manager is terminated, you must employ a new Designated Manager within 30 days, who must successfully complete the classroom training program before starting work.

5.1.3 Field Training.

If you are signing this Agreement for a new FIBRENEW® Service franchise or if you are signing this Agreement as a buyer in a Resale, then immediately after you complete the classroom training described in Section 5.1.1 above, you must begin our online field training program described in the Manual. We require you to complete to our satisfaction the field training program within one (1) year after you complete your classroom training. We do not charge a fee for this field training program. If you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then we will not require you to complete our online field training program.

5.1.4 Continuing Education

We may offer continuing education programs on matters related to the operation or promotion of the FIBRENEW® Service on an optional or mandatory basis, as we consider appropriate. Unless we waive the requirement, you and/or your Designated Manager must attend at least one seminar per calendar year in person or online; provided, however, that you must attend at least one seminar every two years in person. For in-person training, the cost is per-person, and if online training, the cost includes up to three (3) individuals. You must pay any associated training fees we charge, and you must pay for any expenses incurred in attending this training. If you do not pay associated training fees for mandatory seminars by the deadline, we have the right to automatically take payment.

5.2. Provision of Start-Up Package

If you are signing this Agreement for a new FIBRENEW® Service franchise, then we will sell you a start-up package (included in the Start-Up Fee) of all necessary equipment and products for the fee described in Section 6.5.1. If you are signing this Agreement as a buyer in a Resale or if you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then we will not sell you a start-up package.

5.3. Consultation

We will use reasonable efforts to make our personnel available to you for consultation throughout the term of the franchise in a timely manner.

5.4. Pricing

We will suggest pricing for your franchised services from time to time. You are not required to follow our suggestions. However, if you elect to participate in any Preferred Vendor Account, you will be obligated to provide services according to the Preferred Vendor Account agreement.

5.5. Advertising Materials

(a) If you are signing this Agreement for a new FIBRENEW® Service franchise or if you are signing this Agreement as a buyer in a Resale, we will provide you with a limited selection of printed promotional materials that you may

distribute. If you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then we will not provide you with such materials.

(b) We may, from time to time, include in the printed promotional materials referred to in Section 5.5(a), and in our electronic advertisements, certain items that we receive from you (including photographs of you, your Related Parties, employees or technicians and the work performed). You hereby (i) grant to us a worldwide royalty-free license to use such materials in our advertising (whether in printed or electronic format); (ii) expressly authorize us to use your image and/or voice in any and all promotional materials (whether in printed or electronic format) worldwide in perpetuity, exclusively for advertising purposes of FIBRENEW® Service franchise, in any kind of existing or future media, for all exhibitions and re-exhibitions; and (iii) undertake to obtain from your Designated Manager, employees and technicians the same authorization provided for in item (ii) above. You agree to indemnify and hold us harmless from all expenses and liabilities of any kind arising from or in any way connected to a claim by any third party that we are not authorized to use such materials or images in our advertising.

5.6. Technical Support Library / Intranet

We will give you access to our online technical support library included in the Manual.

5.7. Manual

We will make available to you the Manual, as that term is defined at Section 3.10. The Manual contains explicit instructions for use of the Marks, specifications for goods and services that will be used in or sold by the Service, sample business forms, information on marketing, management, and administrative methods developed by us for use in the Service, names of approved suppliers, and other information that we believe may be necessary or helpful to you in your operation of the Service. We may revise the Manual periodically to conform to the changing needs of the Franchise Network and will distribute to you or electronically post updated pages containing these revisions.

5.8. Proprietary Products Availability

We will use reasonable efforts to ensure that we, our Affiliate, or a designated supplier will, at all times, have a supply of Proprietary Products for sale to you.

5.9. Preferred Vendor Accounts

We may enter into agreements with certain customers who have jobs in multiple areas ("Preferred Vendor Accounts") under which we and participating franchisees agree to provide certain services at certain specified rates or in accordance with certain procedures. We will have the sole discretion whether to enter into a Preferred Vendor Account agreement with a particular customer, and sole discretion as to the terms and conditions of any Preferred Vendor Account agreement. If any Preferred Vendor Account has a job in your Territory, we will give you notice of the terms and conditions of the Preferred Vendor Account agreement and offer you the opportunity to participate

under the Preferred Vendor Account agreement according to its terms and conditions. In that case, you will have the option to participate in servicing the Preferred Vendor Account. You must notify us in writing of your decision within 3 days after receiving the notice under a Preferred Vendor Account opportunity. If you elect to participate in servicing the Preferred Vendor Account, you will be obligated to provide services to the Preferred Vendor Account in your Exclusive Territory according to the terms and conditions of the Preferred Vendor Account agreement for the duration of that agreement, unless you obtain our prior express written consent to discontinue servicing a Preferred Vendor Account. If you elect not to participate, or if we determine from a customer service perspective that you will not service a Preferred Vendor Account customer in your Exclusive Territory, then we may reduce your Exclusive Territory by excluding the Preferred Vendor Account customer from your Exclusive Territory upon 3 days' notice to you, and we may allow a franchisee or affiliate to service that Preferred Vendor Account without any liability to you, regardless of any other provisions in this Agreement.

5.10. Purchasing Assistance.

We may require minimum standards or specifications for items and services, specify approved items and services, and restrict the suppliers authorized to sell or provide certain items and services in order to control quality, provide for consistent service or obtain volume discounts. We will provide you with System standards for items and services, our list of approved items and services, and our list of approved suppliers. You acknowledge that we and/or our Related Parties may be the sole approved suppliers for certain approved items and services.

6. PAYMENTS BY FRANCHISEE

6.1. Initial Fees

6.1.1. Initial Franchise Fee

(a) If you are signing this Agreement for a new FIBRENEW® Service franchise, then when you sign this Agreement, you will pay us an initial franchise fee of **\$47,000**. The initial franchise fee is not refundable.

(b) If you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then we will not charge you an initial franchise fee. However, you must pay us the renewal processing fee described in Section 4.4.2(c) of this Agreement. The renewal processing fee is not refundable.

(c) If you are signing this Agreement as the buyer in a Resale, then we will not charge you an initial franchise fee.

6.1.2. Start-Up Fee

(a) If you are signing this Agreement for a new FIBRENEW® Service franchise, then when you sign this Agreement, you will also pay us a start-up fee of **\$42,000**. The start-up fee is for reimbursement of our legal and administrative costs and classroom training costs, and for the purchase of the start-up package, which contains an initial supply of all required Fibrenew products and supplies. This fee is not refundable.

(b) If you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then we will not charge you a start-up fee.

(c) If you are signing this Agreement as the buyer in a Resale, then we will not charge you a start-up fee. However, as the seller in a Resale, you must pay us the resale fee described in Section 6.6 of this Agreement. The resale fee is not refundable.

6.1.3. Payment

All payments of the initial fees must be made by wire transfer (or other form of payment approved by us).

6.2. Ongoing Fees

6.2.1. Technical Assistance Fees

(a) If you are signing this Agreement for a new FIBRENEW® Service franchise, then on the **1st** day of each month, you will pay us a monthly technical assistance fee of **\$795** for the current month. This fee will be waived for the month in which your training class begins and the immediately following 5 months under the agreement. At the beginning of the 3rd year of the franchise term and at the beginning of each year of the franchise term from then on, the monthly technical assistance fee will increase by an amount equal to 5% (rounded up to the nearest 10 cents) of the monthly technical assistance fee for the year just ended, and you will pay the newly increased monthly technical assistance fee for that new year.

(b) If you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then on the **1st** day of each month, you will pay us a monthly technical assistance fee in the amount we specify in an attached schedule to this Agreement. No fee waivers will be applied.

(c) If you are signing this Agreement as the buyer in a Resale, then on the **1st** day of each month, you will pay us a monthly technical assistance fee in the amount we specify in an attached schedule to this Agreement. No fee waivers will be applied.

We have the right to require payment in prearranged payment (direct debit) or cash, electronic funds transfer, credit card charge, cashier's check, or other

means of making funds immediately accessible to us. (Attachment 8 to this Agreement.)

6.3. When Payments Begin for Monthly Technical Assistance Fees

(a) If you are signing this Agreement for a new FIBRENEW® Service franchise, then your obligation to pay ongoing monthly technical assistance fees begins the first of **[Insert MM DD, YYYY]**, as described in Attachment 8 – Technical Assistance Fee Schedule.

(b) If you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then your obligation to pay ongoing monthly technical assistance fees begins in the **1st** month of the term of this Agreement.

(c) If you are signing this Agreement as a buyer in a Resale, then your obligation to pay ongoing monthly technical assistance fees begins in the **1st** month after you begin training as required in Section 5.1 of this Agreement.

6.4. Training Fees and Costs

We will not charge an additional fee for the initial classroom training program for two (2) individuals in-person (including you or your Designated Manager) or three (3) individuals online. However, if an additional person attends the classroom training program or if a replacement Designated Manager must be trained at a later date, you must pay a training fee for his or her or their training that reflects our cost of presenting the program (currently **\$5,000 per person**). We may also charge a training fee for continuing education programs that reflects our cost of presenting the programs. You will be responsible for paying any costs of travel, lodging, meals and other incidental expenses that you or your employees or technicians incur in connection with any training.

6.5. Payment for Proprietary Products

6.5.1. Ongoing Purchases

(a) Our current price list for the sale of Proprietary Products to you is available in our online technical support resources. Except as otherwise provided below, you must purchase at least **\$2,500** of Proprietary Products each year. We are entitled to increase this minimum purchase of Proprietary Products amount from time to time based on the CPI. "CPI" means the U.S. Consumer Price Index for All Items, Urban Consumers, All Cities Average, published by the U.S. Department of Labor, or if such Index is discontinued, an index of consumer prices published by the United States government or another reliable source we select. We have the right to require pre-payment in cash, electronic funds transfer, credit card charge, cashier's check, or other means of making funds immediately accessible to us.

(b) If you are signing this Agreement for a new FIBRENEW® Service franchise, then your obligation to purchase Proprietary Products in accordance with this Section 6.5 will not begin until the first annual anniversary of the Effective Date.

(c) If you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then your obligation to purchase Proprietary Products in accordance with this Section 6.5 will begin immediately on the Effective Date.

(d) If you are signing this Agreement as a buyer in a Resale, then your obligation to purchase Proprietary Products in accordance with this Section 6.5 will begin on the first anniversary of the Effective Date.

6.6. Resale Fee

Upon Resale, we will provide your buyer with a complete start-up package of products. We will also require that your buyer undergo the same classroom training program that a new franchisee completes. Therefore, as a non-waivable condition of Resale of this franchise, you must pay, before closing the Resale, our then-current resale fee (currently **\$32,000**) to compensate us for training, providing a complete start-up package to your buyer, background checks, and for our processing expenses of transfer. If you choose to use a broker, you will be responsible for paying the broker's fees, and we may withhold our consent until appropriate arrangements have been made for payment of the broker's fees.

6.7. Other Fees

We will charge additional fees for administering certain services to franchisees, including:

- (a) Update Training Fees for mandatory annual seminars
- (b) Renewal Processing Fees to cover our administrative costs if you choose to renew your contract
- (c) Amendment Processing Fee to cover our administrative costs of requested contract amendments
- (d) Processing Fee to cover our administrative costs if you undertake a change in ownership (other than a Resale) as described in Section 9.3.2 below
- (e) Then-current software application fees (if you are renewing an existing FIBRENEW® Service franchise).

6.8. Late Payment Fee

Any payment not received by us when due will bear a late payment fee of **\$45** per occurrence. Late payment fees charged on late payments are intended to partially

compensate us for loss of use of the funds and for internal administrative costs resulting from late payment which would otherwise be difficult to measure precisely. The fact that such charges are imposed should not be construed as a waiver of our right to timely payment.

6.9. Taxes

6.9.1. US Federal Withholding Tax

You acknowledge that, under current applicable law, certain payments made by you to us under this Agreement are subject to a 10% withholding tax. You hereby appoint us (or a party we designate) to act as your withholding agent, to collect the applicable withholding taxes from your payments, and to remit those taxes on your behalf to the US Internal Revenue Service.

6.9.2. Other Taxes

You will pay to us or any of our affiliates (as the case may be) upon demand the amount of any federal, state, or local sales, gross receipts, use, value added, excise or other taxes levied or assessed against us or any of our affiliates as a result of or in connection with any fees and other payments paid or made to us or any of our affiliates under this Agreement or any related agreement, including any state or local income tax, franchise tax, or other tax levied or assessed against us or any of our affiliates for the privilege of doing business in your state. Your payments to us or our affiliates under this provision must compensate us and our affiliates in the manner we prescribe so that the net amount or net rate we and our affiliates actually receive (after imposition of the applicable tax) is equal to the full amount established by this Agreement or the related agreement.

6.10. Method and Application of Payments

We may require you to pay all amounts owed to us or our affiliates by electronic fund transfer, preauthorized auto draft arrangement ("EFT"), preauthorized credit card payments, or any other method we periodically specify. You must sign such documents we periodically specify to implement any EFT, credit card or other payment method, which may include our Authorization Agreement for Prearranged Payment (Direct Debits) and/or Authorization Agreement for Prearranged Payment (Credit Cards) attached to this Agreement as Attachments 2 and 2-A respectively.

We have the right to apply any payment we receive from you to any past due amount you owe to us or our Related Party regardless of how you indicate the payment is to be applied.

7. OBLIGATIONS OF FRANCHISEE

7.1. Use of Trade Name and Marks

7.1.1. Context

You may use the Trade Name and Marks only in the operation of a FIBRENEW® Service within the Exclusive Territory according to the terms and conditions of this Agreement. You may not use any other trade name or marks in connection with a FIBRENEW® Service.

7.1.2. Changes in Trade Name and Marks

We and our Related Parties have invested substantial time, energy, and money in the promotion and protection of the Trade Name and other Marks as they exist on the Effective Date. We have no present intention of altering them. However, we recognize that rights in intangible property such as the Trade Name and Marks are often difficult to establish and defend and that changes in the cultural and economic environment within which the System operates or third-party challenges to our rights in the Marks may make changes in the Trade Name and Marks desirable or necessary. We therefore reserve the right to change our Trade Name and Marks and the specifications for each when we believe that such changes will benefit the Franchise Network. You agree that you will promptly conform, at your own expense, to any such changes.

7.1.3. Advertising Materials

You agree to submit to us copies of all advertising materials that you propose to use at least 4 weeks before the first time they are broadcast or published. We will review the materials within 2 weeks and will promptly notify you whether we approve or reject them. We may not withhold our approval unreasonably. For purposes of this paragraph, advertising materials that differ from previously approved materials only in such variables as date or price will be considered to be previously approved. Even if we have approved specified materials, we may later withdraw our approval if we reasonably believe it necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including any misrepresentation in the advertising material.

7.1.4. Legal Protection

You agree to notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System. You will promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, you agree that we may select legal counsel and have the right to control the proceedings.

7.2. Quality Control

7.2.1. Beginning Operation

You may not begin operation as a FIBRENEW® Service to the public until we certify that, in the view of our management, you and your employees or technicians, if any, are prepared to do so. This certificate is normally provided upon your successful completion of the classroom training.

7.2.2. Compliance with Manual

You must operate the FIBRENEW® Service in complete compliance with the standards and specifications set out in the Manual. We may make changes in these standards and specifications, when, in our reasonable discretion, change is needed for the continued success and development of the Franchise Network. Such changes may necessitate the purchase of equipment, supplies, furnishings or other goods, completion of additional training by your employees or technicians, or other cost to you. You must promptly conform to the modified standards and specifications at your own expense. You must comply with all changes that we make to the Manual. If there is any dispute as to the requirements of the Manual at any point in time, the terms of the master copy of the Manual maintained by us will control.

7.2.3. Services Offered

You must offer all the services and only the services that we have authorized you to provide. We have the right to change the authorized services. Except for Proprietary Products, you may purchase products that are to be used in the FIBRENEW® Service from any source. As a condition of allowing a supplier to offer any product that bears the Trade Name or Marks, we may require that the supplier sign our License Agreement. We may withdraw our approval of a supplier or product if either or both no longer meet our standards or specifications.

7.2.4. Customer Satisfaction Program

Fibrenew may from time to time request that you provide customer contact information in a form prescribed by us to conduct customer satisfaction surveys. You must promptly and completely honor all such requests. If your scores from the customer surveys do not meet our currently effective standards, as described in the Manual, we may suggest ways in which you can improve your scores. You must take immediate, effective steps to bring your operation up to our standards.

7.2.5. Work Vehicles

Your FIBRENEW® work vehicle(s) must present a professional appearance and must be licensed and insured. You must obtain our approval of your work vehicle(s) before beginning operation or upon renewal of your FIBRENEW® Service, which will not be unreasonably withheld. Before beginning operations, you must wrap your work vehicles and/or have all required

vehicle signs applied to your work vehicle(s), exactly according to our current specifications, and obtain our approval of the applied signs.

7.2.6. Inspections

We may conduct periodic quality control inspections of the FIBRENEW® Service during normal business hours. Quality control inspections may be made with or without prior notice. We may also ask you to provide “before” and “after” photographs of your FIBRENEW® Service work. You must promptly correct any deficiencies in your operation of which you are advised by us. You must take immediate, effective steps to bring your operation up to our standards. You will pay us for the reasonable travel, lodging and meal expenses, and other inspection costs we incur if you or your Related Parties, employees, technicians, agents or representatives fail to fully cooperate with our inspectors.

7.2.7. Use of Proprietary Products

The Proprietary Products used in the FIBRENEW® Service are unique and their formula and manufacturing processes are trade secrets integral to the success of the System. You may purchase the Proprietary Products only from us or a designated supplier. You must pay the cost of shipping. Beginning in the 2nd year of this Agreement, if you are signing this Agreement for a new FIBRENEW® Service franchise, or if you are signing this Agreement as a buyer of a Resale, you must purchase at least **\$2,500** of Proprietary Products each year. We may pro-rate this requirement on a monthly basis to coincide with our fiscal year end of September 30. You will not use any substitutes for the Proprietary Products. Except for FIBRENEW® Plastic, vinyl and leather care kits or APC (All Purpose Cleaner), you may not resell any of the Proprietary Products. You may resell the above-mentioned Proprietary Products to individuals for personal use and commercial clients only. For the avoidance of doubt, if you are signing this Agreement to renew an existing FIBRENEW® Service franchise, then you must purchase at least **\$2,500** of Proprietary Products each year, including your first year under this renewal Agreement.

7.2.8. Notification of Complaints

You must notify us promptly if you are served with a complaint in any legal proceeding that is in any way related to the FIBRENEW® Service or if you become aware that you are the subject of any complaint to or investigation by a governmental licensing authority or consumer protection agency.

7.3. Personnel

7.3.1. Management

You or your Designated Manager must devote all his or her or their productive time and effort to the management and operation of the FIBRENEW® Service on a full-time basis. If you own more than one FIBRENEW® Service, an additional Designated Manager must be employed for each. If we, in our sole discretion, determine that you or a Designated Manager is not properly

performing your or their duties or are not devoting all of your or their productive time and effort to the management and operation of the FIBRENEW® Service on a full-time basis, we will advise you and you must immediately take steps to correct the situation. If you fail to correct the situation within sixty (60) days after we advise you, we have the right to modify or reduce your Exclusive Territory. For the avoidance of doubt, if we permanently modify or reduce the size of your Exclusive Territory pursuant to this section 7.3, you are not entitled to any compensation from us. You must keep us informed as to the identity of your Designated Manager. Upon the termination of employment of a Designated Manager, you must appoint a successor within 60 days. Before the training program starts, you must provide us with a copy of the Non-disclosure and Non-competition Agreement signed by your Designated Manager.

7.3.2. Employees and Technicians

You must maintain at all times a staff of trained employees and/or technicians sufficient to operate the FIBRENEW® Service in compliance with our standards.

7.4. Signs

You must permanently display, at your own expense, on all vehicles you use in the franchised Service, all signs of any nature, form, color, number, location and size that we require, exactly according to our specification, and containing any legends that we have designated in the Manual or in writing.

7.5. Financial Records

You must record all receipts of revenue or other consideration and retain these records for at least 3 years. You must make these records available to us for inspection upon our request.

7.6. Insurance

You must purchase and maintain a policy or policies of comprehensive public liability insurance covering all FIBRENEW® Service assets, personnel, and activities, including work performed on third party premises, in the coverage amounts and types as we require. We may increase the minimum requirements for coverage amount and types annually, if necessary, to reflect inflation or other changes in circumstances. Our current liability insurance requirements include general liability, garage keepers coverage (required for all work in the automotive and recreational vehicle markets) and property casualty coverage, coverage for your work vehicle, hired/non-owned auto liability coverage (minimum \$500,000), miscellaneous tools and equipment coverage, and business personal property coverage, on an occurrence basis with a combined single limit for bodily injury, death or property damage of not less than \$1 million and \$2 million in the aggregate. While not required, and depending on your situation and with advice from the designated insurance broker, we recommend you consider obtaining coverage for professional liability, product-liability coverage, business interruption insurance and bailee's coverage. In addition, you must maintain policies of workers' compensation insurance, disability insurance and any other types of insurance required

by applicable law. Each insurance policy that is required under the Franchise Agreement must be issued by an insurance company we approve and must contain a provision that the policy cannot be canceled without 10 days written notice to us. It must designate us as an additional named insured and be satisfactory to us in form, substance and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us within 10 days after the policy is issued or renewed.

7.7. Financial and Legal Responsibility

7.7.1. Compliance with Law

You must comply with all federal, state, and local laws and regulations pertaining, directly or indirectly, to the FIBRENEW® Service. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with the operation of the FIBRENEW® Service.

7.7.2. Payment of Indebtedness

You must pay promptly when due all taxes and debts that you incur in the conduct of your business.

7.8. Site Selection

You must obtain our express written approval of a site for your FIBRENEW® Service before you begin operations, unless you will operate the Service from your home. Any commercial site outside of your home must be within your Exclusive Territory and may not be located in open territory, or in another franchisee's exclusive territory. Otherwise, Fibrenew will not unreasonably withhold approval of sites outside the home. We may terminate this Agreement if you fail to obtain our approval of a site prior to signing a lease or purchasing a location, unless you will operate the Service from your home. Fibrenew requires information on any site location, outside of your home operations, including, but not limited to: the location address and description of the workspace; floor plans and photos; confirmation of any Fibrenew signage posted in or outside the location; whether customers will visit the location; and, if the workspace is shared with another business, a description of the other business.

7.9. Computer Equipment and Services

We may require you to purchase from approved suppliers, or pursuant to our specifications, certain computer and communication equipment and services, including computer hardware, computer software, Internet equipment and services, telephone services and equipment, and smart phone equipment and services, for use in connection with your franchised business. You must promptly purchase, install and implement at your expense any conditions, changes, modifications or substitutions to your computer and communication equipment and services as we may periodically require within the time period we specify, up to a maximum annual expenditure of **\$2,500**. We may require that you license from us proprietary computer software that we may develop for use in the franchised business, and, if so, we will require you to

execute a software license agreement as we specify. If you use any other computers in connection with your Service, you must give us full access to those computers and timely request (including if we audit your franchised business).

7.10. Approved Suppliers

We may require you to purchase various items (including uniforms, promotional items, business card, stationery and other items bearing our Marks) and services from approved or designated suppliers, which may include an international shipping company that we designate and with which we may require you to maintain an account in good standing. You acknowledge that we and our Related Parties may be approved suppliers, and that approved or designated suppliers may provide revenues to us as a result of purchases by our franchisees.

7.11. Internet and Email

We or an affiliate of ours will sponsor and maintain one or more official FIBRENEW® websites for the purpose of marketing the brand. We have discretion over the design, content and functionality of such websites. We may, from time to time, include one (1) or more interior pages that identify Fibrenew locations, by among other things, geographic region, address, and telephone number(s). We may permit you to customize or post certain information to the interior page. So long as you are not in default under the Franchise Agreement, we will list your Franchised Business on this website. Pursuant to Section 5.5 of this Franchise Agreement, we may also, from time to time, include on the official FIBRENEW® website certain materials that we receive from you (including photographs of you, your Related Parties, employees or technicians, and the work performed). In order to maintain a consistent Internet presence for the Fibrenew franchise system, you may not have your own website (or portion of a website) relating to the Franchised Business. You may not list your Franchised Business with any internet directories, except those we have approved. We will provide you with a “Fibrenew” email address. You must use only your Fibrenew email address in all communications with us and your customers. You must spend the then-current monthly minimum expenses (currently **\$200**) with Google AdWords or another approved supplier to market your Franchised Business on an ongoing basis for the term of this Agreement. We will coordinate your Google AdWords marketing, but you will pay Google or another approved supplier directly.

We recommend and encourage our franchisees to create and maintain profiles and fan pages on various approved social media sites. Your use of social media must conform to our System standards. You agree that you will not use the Marks on any social media platform or in any online communication or website that we disapprove at any time. You will maintain your online content, blog, social media post(s) and any and all other activities related to the Fibrenew Services and/or the Marketing Services in a lawful manner and in a manner appropriate for a general audience and will not be rude or abusive; and you will ensure that its content is original and will not infringe, misappropriate or violate the rights of any third party, including, within limitation, patent, trademark, service mark, copyright, right to publicity, right of privacy, trade secret, or other intellectual property or proprietary rights.

Promptly upon our request, you must furnish to us a list of all web pages, website addresses, networking site accounts (including on Twitter, Facebook, LinkedIn and similar sites), or Internet directory listings you have created or maintained which relate in any way to your Franchised Business or which use any Marks.

7.12. Professional Appearance

You and your employees will comply with our uniform dress code and maintain a standard of appearance as required by our System standards while performing any Services.

7.13. Marketing

You must use your best efforts to promote the Franchised Business to all industry segments throughout your Exclusive Territory. In order to do this, you must actively market your Franchised Business according to our System standards, which includes in-person cold calling.

7.14. Personal Information Privacy

7.14.1. Information relating to you, your owners, and your management employees. We will have the right, and you and, where applicable, each guarantor hereby consents to our using and disclosing all personal information collected from you and your owners and, where applicable, each guarantor for any purpose connected with this Agreement and its enforcement, including providing or listing contact information for you and your owners and management employees; and, where applicable, prospectuses, statements of material facts and other securities filings and documents; and reports or information received from you or portions thereof or extracts therefrom. We may also share such personal information where needed with our professional advisors, lenders or affiliates or under agreements with third parties. We may give access to or transfer our files containing such personal information to a prospective purchaser or purchase of our business. You will be responsible for obtaining any required consents from your owners and management employees and, where applicable, each guarantor, as may be necessary for it to comply with these provisions. Such personal information will be retained and reasonably safeguarded by us for such period of time as is reasonably required for legal or business purposes, after which it will be destroyed. Such personal information will not be used for any other purposes or disclosed to any other third parties by us without obtaining such further consents from you or other as are required under applicable law.

7.14.2. Customer Data. All information and data bases of Customer Data from whatever source derived, shall, at our request, and in any event when provided by you to us, be our property. You agree not to use such information, except in connection with the operation of your Fibrenew Service in accordance with this Agreement. You agree not to use, process, copy, display, publish, store or transfer the Customer Data without our approval. You agree to comply with all applicable laws with respect to Customer Data; in addition, you agree to comply

with all data privacy and security requirements we may establish from time to time and to exert commercially reasonable efforts to prevent the unauthorized use, dissemination, or publication of Customer Data, subject in all instances to applicable laws. You shall promptly notify us if you become aware of or suspect any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory, or other enforcement or private proceeding relating to your data handling practices of Customer Data. **“Customer Data”** means any information of customers of your Fibrenew Service that identifies or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived. Customer Data includes any personally identifiable information, such as a person’s name, address, phone number, fax number and e-mail address.

7.14.3. General. You will use our required forms, disclosures and privacy statements and adhere to our policies and practices in the franchised business regarding collection, disclosure, use, retention and safeguarding of personal information and data from time to time and obtain all required consent or permission from all required parties regarding such collection, disclosure and use of information.

8. RELATIONSHIP OF PARTIES

8.1. Interest in Marks and System

You may not at any time do or cause to be done anything contesting or impairing our interest in our Trade Name, Marks or System. You acquire no rights in any of these things except for your right to use them in accordance with the express terms of this Agreement. Any concept, process, service, or improvement in the operation or promotion of the Service you may develop will become our property, and we may use or disclose it to others without any obligation to compensate you for it. We retain the right to grant other franchises or licenses to use the Trade Name, Marks and System upon any terms that we wish. You acknowledge that it may not be possible or practical for us to require complete and detailed uniformity under the various types of conditions different franchisees may face, and under changing customer needs and market conditions. Accordingly, we reserve the right to vary standards for any franchisee based upon the particular situation involved, local conditions, existing business practices, or any other factor that we consider important to the successful operation of the particular franchisee’s business. You will have no rights or claims against us for any variation from standard specifications and practices granted to any other franchisee, and you are not entitled to the same or similar variation.

8.2. Independent Status

You are an independent legal entity and must make this fact clear in your dealings with suppliers, lessors, government agencies, employees, technicians, customers and others. You will rely on your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual. You may not expressly or implicitly hold yourself out as an employee, partner,

shareholder, joint venturer or representative of ours, nor may you expressly or implicitly state or suggest that you have the right or power to bind us or to incur any liability on our behalf. You may not use the Trade Name as part of the name of any corporation, limited liability company or partnership.

8.3. Display of Disclaimer

You must conspicuously display the following statement at any location we require: "THIS FIBRENEW® SERVICE IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS" for the Exclusive Territory. Business cards, stationery, purchase order forms, invoices, leases, tax returns and other documents you use in your business dealings with suppliers, lessors, government agencies, employees, technicians and customers must clearly identify you as an independent legal entity.

8.4. Confidentiality

(a) Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secrets" and "Confidential Information" mean any knowledge, techniques, processes or information made known or available to you that we treat as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies; supplier lists or sources of supplies; internal business forms, orders, customer accounts, manuals and instructional materials describing our methods of operation, including the Manual; products; drawings, designs, plans, proposals, and marketing plans; all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by us; our proprietary color recognition software and any other information or property of any kind of ours that may be protected by law as a Trade Secret, confidential or proprietary. The Trade Secrets and Confidential Information described in this Agreement are our sole property.

(b) Non-disclosure of Trade Secrets and Confidential Information

You acknowledge and agree that the information, ideas, forms, marketing plans and other materials disclosed to you under this Agreement, whether or not included in the Manual, are confidential and proprietary information and trade secrets of ours. Except as otherwise provided in this Section 8.4(b), You agree, during the term of this Agreement and following termination, expiration or assignments of this Agreement, not to disclose, duplicate, sell, reveal, divulge, utilize, publish, furnish or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of ours to any other person or entity unless authorized in writing by us. You agree not to use any Trade Secret or Confidential Information for your own gain or for purposes of others, whether or not the Trade Secret or Confidential Information has been conceived, originated, discovered or developed, in whole or in part, by you or any of your Related Parties or represents your or any of your Related Parties' work product. If you or any of your Related Parties has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has prepared or created the

information, you shall (and you shall cause your Related Parties to) assign any rights that you (or any of your Related Parties may have in the information as its creator to us, including all ideas made or conceived by you (or your Related Parties).

As described above, you may not disclose any of our Confidential Information or Trade Secrets to any third party, except to your employees, technicians and agents as necessary in the regular conduct of the FIBRENEW® Service and except as authorized in writing by us. You will be responsible for requiring compliance of your Related Parties, employees and technicians with the provisions of this section. You must obtain written Non-disclosure and Non-competition Agreements, in the form of Attachment 5 to this Agreement, from your Related Parties, employees and technicians and must send us a copy of each such agreement within 10 days after each Related Party, employee or technician begins his or her or their relationship with you. You are required to notify Fibrenew of all individuals working under the Fibrenew Service and must notify us within 10 days after the relationship begins or ends.

8.5. Mutual Indemnification

You will indemnify and hold us harmless from all expenses and liabilities of any kind arising from or in any way connected to your act or omission or any breach or violation of any contract or law by you or any of your Related Parties. If we are made a party to a legal proceeding in connection with your act or omission, we may hire counsel to protect our interests and bill you for all costs and expenses incurred by us. You must promptly reimburse us.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with this Agreement and Manual, we will bear the cost of your defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with this Agreement or Manual, you will bear the cost of, and reimburse us for, your defense, including the cost of any judgment or settlement. If there is litigation relating to your use of the Marks, you must execute any documents and do any acts as may be necessary, in our opinion, to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement or Manual, we will reimburse you for your out-of-pocket litigation costs in cooperating with us with respect to the litigation.

8.6. Covenant Not to Compete

You may not, during the term of this Agreement and for two (2) years starting on the effective date of termination, transfer or expiration, operate or own more than a 10% beneficial interest in any company that is competitive with any FIBRENEW® Service, within your Exclusive Territory, within fifty (50) miles of your Exclusive Territory or within any other FIBRENEW® franchisee's exclusive territory. You agree to obtain the individual written agreement of each of your Related Parties, employees and technicians to the provisions of this section in the form of Attachment 5 to this Agreement within 10 days after each Related Party, employee, or technician assumes

that status with you. If you (or your Related Parties, employees or technicians) fail or refuse to abide by these covenants, and we obtain enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will continue in effect for a period of time ending 2 years after the date of the order enforcing the covenant.

9. RESALE OF FRANCHISE

9.1. Purpose of Conditions for Approval of Sale (Including the Sale of Substantial Interests in You and Resales)

Our grant of this franchise is made in reliance upon your integrity, ability, experience and financial resources. Neither the franchise, nor the FIBRENEW® Service operated under it, nor any Substantial Interest in you may be sold unless you have first obtained our written consent, which may not be unreasonably withheld. With respect to a Resale, and to ensure that no Resale jeopardizes the Trade Name, the Marks, or our interest in the successful operation of the FIBRENEW® Service, we will consent to a Resale only if you comply with the provisions of Sections 9.2 and 9.3 of this Agreement and if the conditions described in Section 9.3.1 are fulfilled.

9.2. Notice of Proposed Resale

If you would like to undertake a Resale, you must submit to us a completed, signed resale agreement and provide any other information that we may reasonably request.

9.3. Consent by Fibrenew; Right of First Refusal

After we receive the information we request from you under Section 9.2 of this Agreement, we will consider the potential buyer(s) and take them through our vetting process. We may either consent to the Resale, tell you our reason for refusing to consent, or purchase the FIBRENEW® Service from you upon the same terms and conditions as those offered by the third party. Silence may not be construed as consent. If we consent to the Resale, then you may Resell the interest described in the notice only to the named buyer and only upon the terms and conditions stated in the notice. Consent by us to a particular Resale will not constitute consent to any other or subsequent Resale.

9.3.1. Conditions for Consent to Resell

Our consent is subject to certain conditions, including but not limited to:

- (a) Our satisfaction that the proposed buyer meets all of the criteria of character, business experience, financial responsibility, net worth and other standards that we customarily apply to new franchisees at the time of Resale;
- (b) Payment of all your outstanding debts to us (including the technical assistance fee due to us for the month in which the Resale closes);
- (c) Cure of all defaults under the Franchise Agreement, any other agreement(s) between us or our Affiliate and you, and the Manual;

- (d) Signing by the buyer of the then-current form of franchise agreement, appropriately amended in light of the fact that the business is already operational;
- (e) Your payment of the resale fee described in Article 6 of this Agreement;
- (f) Completion by the buyer of our classroom training program to our satisfaction;
- (g) Your signing of a general release of claims in favor of us;
- (h) If an Exclusive Territory has a population exceeding 500,000 people at the time of the Resale, then Fibrenew may require Franchisee to split the Exclusive Territory in a manner designated by Fibrenew, such that the Resale will include the sale of more than one (1) territory based on Fibrenew's then-current standards for Exclusive Territory composition.

9.3.2. Changes of Ownership Considered Not To Be Resales

As used in this Agreement, the term "Resale" does not mean an assignment to:

- (a) Any Trustee, Guardian or Conservator for the account and benefit of a spouse, ancestor or decedent; however, any Trustee, Guardian or Conservator who will operate the Franchised Business must first receive (and pay for) training by us, unless we waive this requirement because of the transferee's experience in the Franchised Business;
- (b) Any business entity if the beneficial ownership of the business entity immediately following the assignment is the same and in the same proportions as the beneficial ownership immediately before the assignment. However, no such assignment will relieve the original party of any of its obligations under this Agreement. Information on the identity of the shareholders and officers of the corporation, the percentage of ownership, and the address where corporate records are maintained must be submitted promptly to us; or
- (c) Any of your employees under any employee stock option plan or stock purchase plan, provided that any share certificate distributed under such a plan is marked with a legend describing the restrictions and conditions of Resale required by this Agreement.

For the avoidance of doubt, we will not charge you a Resale Fee (as that term is described in Section 6.6 of this Agreement) for such changes in ownership; provided, however, that we may charge you a processing fee of **\$500** in accordance with Section 6.7(c) of this Agreement.

9.4. Resale Upon Death

If you die within the term of this Agreement, your heirs or beneficiaries may have 60 days within which to demonstrate to our satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth and other standards that we require of new franchisees at that time. If we advise your heirs or beneficiaries in writing that we will not approve them as buyers of the franchise, or if we fail to approve or disapprove the Resale within 60 days following your death, your heirs

or beneficiaries may have 120 additional days from the date of disapproval of the Resale or the end of the 60-day period, whichever is first, within which to find and notify us of a proposed Resale to a qualified buyer in conformity with the provisions of Sections 9.2 and 9.3 of this Agreement. If your heirs or beneficiaries do not advise us of a qualified buyer within the specified period, the franchise will automatically terminate at the end of the period unless a written extension of time has been granted by us.

10. TERMINATION OF FRANCHISE

10.1. Termination by Consent of the Parties

This Agreement may be terminated upon the mutual written consent of the parties.

10.2. Termination by Fibrenew

10.2.1. Notice of Default

Termination of your franchise will be effective 30 days after written notice of default is given to you if any of the defaults described in subsections (a) through (e) below has not been cured; termination will be effective 5 days after written notice is given to you if the default described in subsection (f) below has not been cured; termination will be effective immediately upon written notice to you if any of the defaults described in subsections (g) through (p) below occurs.

10.2.2. Events of Default

Upon the occurrence of any of the following defaults, we at our option, may terminate this Agreement:

- (a) If you fail to submit to us in a timely manner any information you are required to submit under this Agreement;
- (b) If you fail to begin operation of the FIBRENEW® Service within 4 months after the date on which you complete the classroom training described in Section 5.1.1 of this Agreement, or fail to complete the Field Training describe in Section 5.1.2 of this Agreement to our satisfaction, or if you fail to operate your FIBRENEW® Service in accordance with this Agreement and the Manual;
- (c) If you default in the performance of any obligation under Sections 7.2.4 (Customer Satisfaction Program), 7.2.6 (Inspections), 7.2.7 (Use of Proprietary Products) and 7.2.8 (Notification of Complaints) of this Agreement;
- (d) If you default in the performance of any material obligation under this Agreement or any other agreement with us or our Related Party;
- (e) If you fail to maintain insurance in accordance with Section 7.6 of this Agreement;
- (f) If you fail to make any payment when due under this Agreement or any other agreement between you and us or our Related Party;
- (g) If you misuse the Marks or the System or engage in conduct, including providing unsatisfactory customer service, which reflects materially and

- unfavorably upon the goodwill associated with the Marks or System or if you use in a FIBRENEW® Service any names, marks, systems, logotypes or symbols that we have not authorized you to use;
- (h) If you or any of your Related Parties, employees or technicians has any direct or indirect interest in the ownership or operation of any business that is confusingly similar to a FIBRENEW® Service or uses the System or the Marks, or if you fail to give us a signed copy of the Non-disclosure and Non-competition Agreement for each of your Related Parties, employees or technicians within 10 days after the Related Party, employee or technician assumes that status with you;
 - (i) If you attempt to assign your rights under this Agreement in any manner not authorized by this Agreement;
 - (j) If you or your Related Party has made any material misrepresentation in connection with the acquisition of a FIBRENEW® Service or to induce us to enter into this Agreement;
 - (k) If you act without our prior written approval or consent in regard to any matter for which our prior written approval or consent is expressly required by this Agreement;
 - (l) If you stop operating the FIBRENEW® Service on a full-time basis for a period of more than 30 consecutive days, unless the suspension is caused by medical conditions with supporting documentation from a qualified medical practitioner, fire, condemnation, or act of God, and you restore full operations within 90 days. Lack of response to emails or phone calls for a 30 consecutive day period will be considered to be cessation of operations;
 - (m) If you commit any 2 or more defaults under this Agreement within any 12-month period, regardless of whether any default is cured;
 - (n) If we make a reasonable determination that your operation of the FIBRENEW® Service poses a threat to public health or safety;
 - (o) Except as otherwise required by the United States Bankruptcy Code, if you become insolvent, are adjudicated a bankrupt, or file or have filed against you a petition in bankruptcy, reorganization or similar proceeding;
 - (p) If you or your Related Party are convicted of a felony or any criminal misconduct which is relevant to the operation of the FIBRENEW® Service.

10.2.3. Other Remedies Upon Your Default.

In addition to and without limiting our other rights and remedies under this Agreement, including our right to terminate this Agreement pursuant to Section 10.2 or applicable law, and notwithstanding anything to the contrary in the this Agreement, upon the occurrence of any of the events that give rise to our right to terminate this Agreement, we may, at our sole option and upon delivery of written notice to you, elect to take any or all of the following actions without terminating this Agreement:

- (a) temporarily or permanently reduce the size of the Exclusive Territory, in which event the restrictions on us and our affiliates under Section 4.2 will not apply in the territory which is no longer part of the Exclusive Territory and

we and our affiliates may engage, and authorize third parties to engage, in any business activities we or they deem appropriate, whether under the Marks (including the FIBRENEW® Trade Mark) or other trademarks, within that territory, including establishing and operating (and granting rights to others to establish and operate) FIBRENEW® services within that territory;

(b) discontinue System benefits to you and institute proceedings to collect amounts due under this Agreement without first issuing a default or termination notice; and/or

(c) withhold our consent or approval under this Agreement while you are in default under this Agreement and require that you cure such default before we will provide a consent or approval.

Our exercise of our rights under this Section 10.2.3 will not be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement. Our exercise of these rights will not constitute an actual or constructive termination of this Agreement, nor will it be our sole or exclusive remedy for your default. If we exercise any of our rights under this Section 10.2.3, we may thereafter terminate this Agreement without providing you any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction.

10.3. Rights and Obligations After Termination or Expiration

Upon termination or expiration of this Agreement for any reason, the parties will have the following rights and obligations:

- (a) We will have no further obligations under this Agreement;
- (b) You must give us a final accounting for the FIBRENEW® Service, pay Fibrenew and our Related Party within 30 days after Termination all payments due,
- (c) You must immediately and permanently stop using the Marks or any confusingly similar marks (including on your work vehicle(s)), the System, or any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that you are operating a FIBRENEW® Service;
- (d) You must promptly sign any documents and take any steps that in our judgment are necessary to delete your listings from classified telephone directories, disconnect or, at our option, assign ownership to us all telephone numbers that have been used in the FIBRENEW® Service, and terminate all other references that indicate you are or ever were affiliated with us. By signing this Agreement, you irrevocably appoint us your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within 7 days after Termination of this Agreement; and
- (e) You must maintain all records required by us under this Agreement for a period of not less than 3 years after final payment of any amounts you owe to us when this Agreement is Terminated.

- (f) You must immediately provide to us a complete and accurate list of all customers of the FIBRENEW® Service.
- (g) You will take whatever action is necessary to cancel any assumed name or equivalent registration which contains the Marks, and you will furnish us with evidence satisfactory to us of compliance with this obligation within 10 days after termination of this Agreement.
- (h) Within 7 days following expiration or termination of this Agreement, you must responsibly dispose of all unused portions of any products which bear any proprietary marks, including the Trade Name or Marks, including any Proprietary Products with the exception of a Leased Color Eye Hardware System which you must ship to us by courier.
- (i) You must remove association with Fibrenew from all existing websites, social media profiles and directory accounts. If you are unable to update information that relates in any way to the Franchised Business and the use of Marks, you must delete the profile or account.

If the franchise granted in this Agreement is terminated because of your default, our rights described above may not necessarily be our exclusive remedies, but will instead supplement any other equitable or legal remedies available to us. If this Agreement is terminated because of your default, nothing in this section may be construed to deprive us of the right to recover damages as compensation for lost profits. Termination of this Agreement will not end any obligation of either party that has come into existence before Termination. All obligations of the parties which by their terms or by reasonable implication are to be performed in whole or in part after Termination will survive Termination. If a longer notice or cure period or a different good cause standard is prescribed by applicable law, then this law will apply to any termination of this Agreement.

10.4. Liquidated Damages

You and we agree that it would be impracticable and extremely difficult to ascertain with reasonable specificity the amount of actual damages caused by your unauthorized termination of this Agreement, or our termination of this Agreement under Section 10.2 due to your default. Therefore, the parties agree that if you terminate this Agreement without authorization or if we terminate this Agreement under Section 10.2 due to your default, then you will pay to us, as liquidated damages, an amount of money equal to the monthly technical assistance fee times the number of months remaining in the term of this Agreement immediately prior to the termination plus the annual product purchase requirement. You acknowledge and agree that this liquidated damages provision represents reasonable compensation for the losses which we would incur due to early termination of this Agreement. You further acknowledge and agree that nothing in this section is intended to limit our right to recover damages that accrued before termination of the Agreement or for any other causes of action we may have and/or to obtain injunctive and other relief as may be appropriate.

10.5. Representation of Authority of Parties/Signatories

Each person signing this Agreement represents and warrants that he or she or they is or are duly authorized and has legal capacity to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

11. MISCELLANEOUS PROVISIONS

11.1. Construction of Contract

Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires. If there is any conflict between this Agreement and the Manual, this Agreement will control. No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. Except for the indemnitees, or as otherwise expressly provided in this Agreement, there are no third-party beneficiaries hereunder. No agreement between us and any third party is for your benefit. Time is of the essence. The laws of certain states may supersede some of the provisions of this Agreement, and certain states require us to supplement or modify the provisions of this Agreement. If applicable, these supplements and modifications are contained in State Addenda attached to this Agreement. When you sign this Agreement, you will also properly sign the addenda, if applicable. If multiple state addenda are made part of this Agreement, these state addenda will be construed and applied as narrowly as possible, consistent with applicable state law, in order to avoid potential conflicts between them.

11.2. Governing Law

You acknowledge that we may grant numerous franchise agreements throughout the United States on terms and conditions similar to this Agreement, and that it is in the best interest of the entire franchise system that these terms and conditions be uniformly interpreted. This Agreement takes effect upon its acceptance by us in the Province of Alberta, Canada, and its provisions will be governed by and interpreted under the laws of that Province applicable to contracts made and to be wholly performed therein without regard to its conflicts of law rules, except that the provisions of the Alberta Franchises Act will not apply unless they would be otherwise applicable without this Agreement's designation of governing law.

11.3. Notices

The parties to this Agreement should direct any notices to the other party at the address below that party's name on the signature page of this Agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by email with read receipt (with simultaneous mailing of a copy by first-class mail or courier), courier, or first class mail. Notice by email will be considered delivered

upon notice of a read receipt; by courier, upon delivery; and by first class mail, three days after posting. Notice of termination or non-renewal must be given by a receipted form of delivery.

11.4. Amendments

This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents. We may charge an administrative fee in the amount of **\$500** to amend your contract. This fee is non-refundable.

11.5. Waiver

Waiver of any breach of this Agreement may not be interpreted as a waiver of any subsequent breach.

11.6. Integration

This Agreement and any exhibits or attachments to it are the entire agreement between the parties concerning the franchise it grants. All other agreements and representations, other than representations in the disclosure document, are superseded by it. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in our franchise disclosure document.

11.7. Negotiation and Mediation

11.7.1. Agreement to Use Procedure

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. They agree that, if any dispute arises between them, before beginning any legal action to interpret or enforce this Agreement, they will first follow the procedures described in this section. Good-faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

11.7.2. Initiation of Procedures

The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, and identifying one or more people with authority to settle the dispute for him, her, or it. The party receiving the notice ("Responding Party") has 10 days within which to designate by written notice to the Initiating Party one or more people with authority to settle the dispute on the Responding Party's behalf. These people are called the "Authorized People."

11.7.3. Direct Negotiations

The Authorized People may investigate the dispute as they consider appropriate, but agree to meet in person, by prearranged teleconference, or by

video conference within 14 days from the date of the Initiating Party's written notice to discuss resolution of the dispute. The Authorized People may meet at any times and places and as often as they agree.

11.7.4. Mediation

If the Dispute has not been resolved within 30 days after the initial meeting, either party may begin mediation procedures. Mediation will be conducted by and under the national rules of the ADR Institute of Canada. The parties will share the costs of mediation, other than attorney fees, equally.

11.8. Arbitration

Any dispute arising out of or in connection with this Agreement, if not resolved by the negotiation and mediation procedures described above, must be determined in Calgary, Alberta, under the national rules of the ADR Institute of Canada, by an arbitrator chartered by the Institute. This arbitration clause will not deprive either party of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction. There will be no discovery other than an exchange of documents to be introduced at the hearing and lists of intended witnesses. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. Both parties waive any rights they may have to seek punitive damages from one another. The arbitrator will have no power to 1) stay the effectiveness of any pending Termination of franchise; 2) assess punitive damages against either party; or 3) make any award that modifies or suspends any lawful provision of this Agreement. The party who substantially prevails at arbitration will be entitled to recover its reasonable expenses of arbitration, other than attorney fees, from the other party. Neither party may obtain attorney fees from the other unless State franchise laws award fees to a prevailing franchisee; in that case, the right to attorney fees is reciprocally granted to us if we prevail. Judgment on any award may be entered by any court of competent jurisdiction.

11.9. Injunctive Remedy for Breach

You recognize that you are a member of a Franchise Network and that your acts and omissions may have a positive or negative effect on the success of other businesses operating under our Trade Name and in association with our Marks. Failure on the part of a single franchisee to comply with the terms of its Franchise Agreement is likely to cause irreparable damage to us and to some or all of the other franchisees of ours. For this reason, you agree that if we can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of your breach or threatened breach of any of the terms of this Agreement, we will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage or posting a bond, until a final determination is made by an arbitrator.

11.10. Limitation of Actions

Neither party may maintain an arbitration against the other party unless the party follows the negotiation and mediation procedures described above and files an arbitration within 1 year after the event complained of occurs.

11.11. Severability

Each provision of this Agreement will be considered severable. If, for any reason, any provision of it is determined to be invalid or in conflict with any existing or future law or regulation, that provision will not impair the operation of the remaining provisions of this Agreement. The invalid provisions will be considered not to be a part of this Agreement. However, if we determine that the finding of illegality adversely affects the basic consideration for its performance under this Agreement, we may, at our option, terminate it.

11.12. Assignment by Fibrenew

We may assign this Agreement or any rights or obligations created by it at any time without your consent.

11.13. Individual Dispute Resolution

Any arbitration or litigation between the parties to this agreement and any of their Related Parties will be conducted on an individual basis and not on a consolidated or class-wide basis.

11.14. Approval and Guaranties

If you are a corporation or limited liability company, all officers and shareholders or members with a 10% or greater interest in you, or, if you are a partnership, all your general partners must approve this Agreement, permit you to furnish the financial information required by us, and agree to the restrictions placed on them, including restrictions on the resaleability of their interests in the franchise and FIBRENEW® Service and limitations on their rights to compete, and sign separately written guaranties of your payment and performance in the form of Attachment 6 to this Agreement.

11.15. Acceptance by Fibrenew

This Agreement will not be binding on us unless and until it has been signed by Michael Wilson or Jesse Johnstone.

11.16 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed by you 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 us, any franchise

seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have signed it on the Effective Date specified below.

FRANCHISOR
FIBRENEW USA LTD.

By: _____
Jesse Johnstone, President

Box 117, Black Diamond, Alberta T0L 0H0 Canada

Effective Date: **Contract Date**

Sign here if Franchisee is an individual:

FRANCHISEE

Signature: _____
Print Name: _____
Print Address: _____

Sign here if Franchisee is a company:

Print Company Name: FRANCHISEE
ENTITY NAME
d.b.a. Fibrenew NAME

Signature: By: _____
Print Name: **NAME**
Print Title: _____
Print Address: **Street Address**
City, State, Zip Code

Signature: By: _____
Print Name: **NAME**
Print Title: _____
Print Address: **Street Address**
City, State, Zip Code

**FIBRENEW FRANCHISE AGREEMENT
ATTACHMENT 1**

EXCLUSIVE TERRITORY

The Exclusive Territory includes the following zip codes, all in the **State of [State]**.

[zip codes]				

Population: **XXX,XXX**

FRANCHISEE:

Entity name: **ENTITY NAME**
d.b.a. Fibrenew NAME

By: _____

Printed Name: **Legal Name**

Title: _____

By: _____

Printed Name: **Legal Name**

Title: _____

FRANCHISOR:

Fibrenew USA Ltd.

By: _____

Name: **Jesse Johnstone**

Title: **President, Fibrenew USA LTD.**

Date: **Contract Date**

Territory Map

A visual map to use as a guideline of territory boundary

Entity Name - d.b.a. Fibrenew NAME

INSERT MAP

**FIBRENEW FRANCHISE AGREEMENT
ATTACHMENT 2**

AGREEMENT FOR PRE-AUTHORIZED DEBIT PAYMENT (PAD)

I/We (“**Depositor**”) authorizes Fibrenew USA Ltd. (“**Fibrenew**”) to begin deductions as per Franchise Agreement Attachment 8 for monthly technical assistance recurring fees and/or one-time payments from time to time, for payment of charges arising under Depositor’s Fibrenew account. Regular monthly payments will be debited from Depositor’s specified account on the **1st** day of each month. Fibrenew will provide 10 days written notice of the amount of each regular debit. Fibrenew will obtain Depositor’s authorization for any other one-time debits.

This authority is to remain in effect until Fibrenew has received written notification from Depositor of its change or termination. This notification must be received at least ten (10) business days before the next debit is scheduled at the address provided below.

Fibrenew may not assign this authorization, whether directly or indirectly, by operation of law, change of control or otherwise, without providing at least 10 days prior written notice to Depositor.

Depositor has certain recourse rights if any debt does not comply with this agreement. For example, Depositor has a right to receive reimbursement for any PAD that is not authorized or is not consistent with this PAD Agreement. To obtain a form for Cancellation or Reimbursement Claim, Depositor may contact Fibrenew Head Office or Depositor’s financial institution.

Depository information / Financial institution Name

Type of service: Personal _____ Business _____

Street Address, City, State, Zip Code (No PO Boxes allowed)

ABA Routing Number

Bank Account Number

Depositor name

Depositor name

Authorized Signature

Authorized Signature

Title

Title

Date

Date

**FIBRENEW FRANCHISE AGREEMENT
ATTACHMENT 2-A**

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (CREDIT CARD)

I/We, **LEGAL NAMES** hereby authorize the use of **ENTITY NAME - d.b.a. Fibrenew NAME** credit card as a method of payment for the following payment requirements:

- Product Purchases, Shipping and Brokerage,
- Annual Seminars and Training,
- Conventions, or
- Other Fees, as required, upon approval

Name as it appears on Credit Card _____

Credit Card Type: Visa MC

Credit Card Number: _____

Expiry Date (MM/YYYY): (_____ / _____)

CVV (Security) #: _____

Cardholders Signature _____

Home Phone Number: _____

Business Phone Number _____

FRANCHISEE

Print Company Name: **ENTITY NAME
d.b.a. Fibrenew NAME**

Signature: By: _____

Print Name: **NAME**

Print Title: _____

Print Address: **ADDRESS
ADDRESS**

Signature: By: _____

Print Name: **NAME**

Print Title: _____

Print Address: **ADDRESS
ADDRESS**

**FIBRENEW FRANCHISE AGREEMENT
ATTACHMENT 3**

START-UP PACKAGE

**This list is subject to change at any time for any reason,
including but not limited to product improvements, change of suppliers, etc.**



Experts in Leather, Plastic & Vinyl Restoration

USA Start Up Kit

Item #	Item Name	QTY
Adhesives & FCAs		
3001-005	FCA Fast -1/2oz	12
3002-001	FCA Slow -1oz	2
3003-020	FCA Gel -20gm	1
3006-005	FCA Medium -1/2oz	2
3021-006	FCA Activator -6oz	2
1421-001	Fibrenew Flexible Adhesive 1oz	2
2021-001	3M Super 77 Spray Adhesive	1
3111-001	Liquid Vinyl Adhesive -1oz	2
Airbrush & Supplies		
4001-001	Paasche Air Brush	2
4003-001	Paasche Replacement H-5 Tip	1
4004-001	Paasche Replacement Air Cap for H-Set	1
4009-A	Paasche 15' Hose	1
4148-001	Paasche 1oz Bottle with Metal Lid Assembly	8
4045-001	Paasche Needle Valve	1
Aniline Dyes		
6101-008	Black Aniline (8 oz)	1
6104-008	Brown Aniline (8oz)	1
6105 -008	Dark Brown Aniline Dye (8oz)	1
6112 -008	Transparent Aniline Dye (8oz)	1
6116-008	Natural Aniline Dye (8oz)	1
Bases & Preps		
1001-032	Vinyl Base 32oz	1
1002-032	Vinyl Prep 32oz	4
1005-032	Fibre Prep 32oz	1
1011-016	Fibre-Rez 16oz	1
1021-128	Reducer 128oz	1
1428-004	Blot-Out 4oz	1
Fibrenew Care Kits		
8005-008	Fibrenew Leather Care Kit 8oz	8
8006-008	Fibrenew Vinyl Care Kit 8oz	8
Cleaning Supplies, Materials & Deodorizers		

1008-016	Leather Etch 16oz	2
1051-128	All Purpose Cleaner 128oz	1
1070-016	Strong Remover 16oz	2
1080-032	Fibrenew Soft Cleaner 32oz	1
1055-1BG	Odor Be Gone Bubble Gum Aerosol	1
1055-1NC	Odor Be Gone New Car Aerosol	1
3161-004	Grain Imprint Kit 4oz	5
Color Coats & Top Coats		
1201-032	Black Color Coat 32oz	2
1202-032	White Color Coat 32 oz	2
1203-032	Yellow Color Coat 32oz	1
1206-032	Green Color Coat 32oz	1
1212-032	Blue Color Coat 32 oz	1
1214-032	Yellow Gold Color Coat 32 oz	2
1215-032	Red Orange Color Coat 32oz	1
1217-032	Red Color Coat 32oz	1
1225-032	Burnt Orange Color Coat 32oz	1
1226-032	Violet Color Coat 32oz	1
1247-004	Vinyl Spot Top Coat - 3 Pack Aerosol	1
1251	Top Coat Gloss	1
1252	Top Coat Stain	2
1253	Top Coat Matte	2
1412-002	Crosslinker "CL-10" - 2oz	4
Leather, Plastic and Vinyl Repair Supplies, Protectors and Conditioners		
1426-002	Fibrenew Leather Filler Thin 2oz	1
1427-002	Fibrenew Leather Filler 2oz	1
9105-001	Mixer Gun	1
9106-001	Mixer Nozzle	6
9135-001	Repaplast Primer 500 mL (Aerosol)	1
9439-016	Wax & Silicone Remover (Bottle)	1
9435-050	Fusor Repair Adhesive (Cold Temp) F 133	2
9436-050	Fusor Repair Adhesive (Warm Temp) F 143	2
9437-012	Adhesive Remover	1
3026-004	Dash Repair Powder -4oz	1
3101-002	Vinyl Cure White - 2oz	1
3106-002	Vinyl Cure Black - 2oz	1
1033-032	Leather Vitalizer 32oz	1
1035-032	Pull-Up Conditioner 32oz	1
1037-032	Leather Re-Wax 32oz	1
1040-032	Protection Cream 32oz	2

1042-032	Vinyl Protection Cream - 32oz	1
1045-032	Protection Cream Gloss 32oz	1
3130-001	Color Cure 5 Pack 1.7oz	2
3131-001	Backing Fabric	1
3138-001	Repair Mesh 12" x 12"	4
Tools, Equipment, Supplies, Compressor Accessories and Light upholstery Supplies		
4005-001	Dremel Drill Set	1
4007-001	Dremel Accessory - High Speed Cutter	1
4010-001	Econo Heat/Drying Unit	1
4011-001	Heat Gun -Steinel 1910E	1
4012-001	Heat Gun Adapter - medium	1
4013-001	Heat Gun Adapter - fine	1
4014-LVLP	Spray Gun LVLP (3500)	2
4015-001	Spray Gun Filters (3/pkg)	1
4016 -001	Replacement Plastic Cup & Lid	2
4018-001	Large Air Spray Gun Kit	1
4025-001	Heavy Duty Soldering Iron	1
4026-001	1/8" Soldering Tip	1
4027-001	1/4" Soldering Tip	1
4028-001	Knurled Tip Nut	1
4032-001	Hot Stapler (includes 4 packs of staplers)	1
4037-001	N-Clip Staples (Flat Square Wave Staples (50/box))	2
4041-001	Cooling Plate	1
4042-001	Teflon Mat- per foot	1
4043-100	Razor Blades -100/box	1
4044-001	Palette Knife (3" offset)	2
4046-001	Tweezers (bent end)	1
4047-001	Fine Point Tool set	1
4049-001	Scissors	1
4052-100	Mixing Cups- 100/sleeve	1
4056-050	Wipe-Ups - 50/pkg	3
4057-020	Scuff Pads (20/pkg)	2
4059-020	Grey Sanding Pads (20/pkg)	1
4063-L	Nitrile Gloves - LRG (100/pkg)	1
4066-001	3M Half Mask Deluxe Respirator	1
4067-001	Safety Glasses	1
4068-001	Padded Drop Cloth	1
4069-001	Fibrenew Leather Swatches	1
4071-001	Color ID Swatches	1

4087-001	1" Masking Tape	1
4089-001	2" Masking Tape	1
4107-001	Padfolio	1
4108-001	Apron	1
4125-001	Flip Up caps (for 8oz dye bottles)	30
4135-001	Bottles - 4oz plastic	30
4140-001	Bottles - 8oz plastic	30
4154-001	Spray Bottle	1
4225-001	Extension Cord (4 Outlet - 25')	1
4235-001	Door Upholstery Remover	1
4240-001	Staple Remover	1
4310-001	Sanding Paper 120G	4
4314-001	Sanding Paper 320G	4
4318-001	Sanding Paper 600G	4
4320-001	Sanding Paper 1000G	4
4311-001	Sanding Paper (2000g)	4
3112-001	Syringe for Liquid Vinyl Adhesive (pack of 5)	1
5002-0CA	California Air Compressor - 2010A	1
5003-001	Compressor Assembly Kit	1
5074-001	SDS Manual	1
5010-001	Light Upholstery Kit	1
5125-001	Printed Products - Start Up Kit	1
8820	Ipad, set up, software	1
8800-002	Color Eye Kit	1
	Shipping, packing, brokerage	
Additional Items provided by Fibrenew		
N/A	Welcome Package	1
N/A	Fibrenew Shirt or gift card to purchase one with VistaPrint shop	1
N/A	Burch Fabrics Samples	1
Additional Items provided by Fibrenew for virtual training only		
N/A	AkTop iPad stand Holder	1
N/A	Simple Deluxe Brooder and Heat Clamp Lamp 2 pack	1
N/A	Phillips 462259 Led 60W A19 3 pack	1
N/A	Practice pieces (Leather, Vinyl, Linoleum)	various

**FIBRENEW FRANCHISE AGREEMENT
ATTACHMENT 4**

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS

1. **ENTITY NAME - d.b.a. Fibrenew NAME** ("Assignor"), doing business at **STREET ADDRESS** in exchange for valuable consideration provided by Fibrenew USA Ltd. ("Assignee"), receipt of which is acknowledged by this document, assigns to Assignee all telephone numbers and listings used by Assignor now or in the future in the operation of a FIBRENEW® Service in **CITY, STATE ZIP**.

2. This assignment will become automatically effective upon termination or non-renewal of Assignor's FIBRENEW® franchise. Upon termination of the franchise, Assignor promises to do whatever is necessary to cause the telephone company providing local service to the Assignor to promptly transfer or resell the numbers and associated listings to Assignee or its designee.

3. Assignor agrees to pay the telephone company on or before the effective date of assignment all amounts it owes the telephone company in connection with his, her, or its use of the telephone number or numbers, including payment for advertisements in the classified telephone directory. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to carry out the Franchise Agreement and promises to cooperate fully with Assignee in making the necessary arrangements to carry out the assignment.

Dated: **Contract Date**

ASSIGNOR
ENTITY NAME
d.b.a. Fibrenew NAME

By: _____
LEGAL NAME

By: _____
LEGAL NAME

FIBRENEW FRANCHISE AGREEMENT ATTACHMENT 5

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

In return for 1) his or her or their training by Fibrenew USA Ltd. ("Fibrenew") to operate a FIBRENEW® Service, or 2) the grant of a franchise by Fibrenew to a company in which he or she has an ownership interest, or 3) his or her or their employment by Fibrenew or one of its franchisees, **Personal Names of all Business Entity Voting Shareholders** ("Confidant") agrees as follows:

1. Non-disclosure of Trade Secrets and Confidential Information

Confidant agrees, during the term of the Franchise Agreement and following termination, expiration or assignments of the Agreement, not to disclose, duplicate, sell, reveal, divulge, utilize, publish, furnish or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Fibrenew to any other person or entity unless authorized in writing by Fibrenew. Confidant agrees not to use any Trade Secrets or Confidential Information for his or her or their personal gain or for purposes of others, whether or not the Trade Secret or Confidential Information has been conceived, originated, discovered or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that Fibrenew considers to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to Fibrenew, including all ideas made or conceived by Confidant.

2. Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secrets" and "Confidential Information" mean any knowledge, techniques, processes or information made known or available to Confidant that Fibrenew treats as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies; supplier lists or sources of supplies; internal business forms, orders, customer accounts, manuals and instructional materials describing Fibrenew's methods of operation, including Fibrenew's Operations Manual; products; drawings, designs, plans, proposals, and marketing plans; all concepts or ideas in, or reasonably related to Fibrenew's business that have not previously been publicly released by Fibrenew; and any other information or property of any kind of Fibrenew that may be protected by law as a Trade Secret, confidential or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of Fibrenew.

3. Return of Proprietary Material

Upon termination of franchise ownership or employment by Fibrenew or a FIBRENEW® franchisee, Confidant must surrender to Fibrenew all materials considered proprietary by Fibrenew, technical or non-technical, whether or not

copyrighted, which relate to Trade Secrets, Confidential Information or conduct of the operations of Fibrenew.

Confidant expressly acknowledges that any such materials of any kind given to him or her or they are and will remain the sole property of Fibrenew.

4. Non-competition

Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to Fibrenew, Confidant will not, until the expiration of two (2) years after the termination of (a) the employment relationship between Confidant and Fibrenew or the Fibrenew franchisee that employs him or her or them, or (b) termination of the ownership interest of Confidant in a FIBRENEW® franchise, or (c) termination of the Franchise Agreement between Fibrenew and a company in which the Confidant owns an ownership interest, engage, directly or indirectly, or through any corporations or Related Parties, in any business, enterprise or employment that is directly competitive with the Fibrenew System, is located within the Exclusive Territory, within fifty (50) miles of the Exclusive Territory or within any FIBRENEW® Service's exclusive territory. If Confidant fails or refuses to abide by these covenants, and Fibrenew obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will continue in effect for a period of time ending 2 years after the date of the order enforcing the covenant.

5. Saving Provision

Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraph are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and Fibrenew. However, Confidant and Fibrenew are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Confidant and Fibrenew agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with Fibrenew to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

6. Irreparable Harm to Fibrenew

Confidant understands and agrees that Fibrenew will suffer irreparable injury that cannot be precisely measured in monetary damages to its Trade Secrets if Confidential Information or proprietary information is obtained by any person, firm or corporation and is used in competition with Fibrenew. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of Fibrenew for Confidant to enter into this Agreement. Thus, if there is a breach of this Agreement by Confidant,

Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

7. Binding Effect

This Agreement will be binding on Confidant's heirs, executors, successors and assignees as though originally signed by these people.

8. Applicable Law

The validity of this Agreement will be governed by the laws of Alberta. If any provision of this Agreement is void or unenforceable in that Province, the remainder of the Agreement will be fully enforceable according to its terms.

CONFIDANT

Personal Names of all business entity voting shareholders

NAME, an individual

NAME
ENTITY NAME
d.b.a. Fibrenew NAME

NAME, an individual

NAME
ENTITY NAME
d.b.a. Fibrenew NAME

**FIBRENEW FRANCHISE AGREEMENT
ATTACHMENT 6**

**PERSONAL GUARANTY AND
SUBORDINATION AGREEMENT**

The undersigned, to induce Fibrenew ("Fibrenew") to enter into or permit assignment of a certain FIBRENEW® Franchise Agreement, dated **Contract Date**, with **Personal Names of all Business Entity Voting Shareholders** ("Franchisee"), unconditionally, jointly and severally, personally guaranties to Fibrenew, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Fibrenew, including, but not limited to, all obligations arising out of the Franchise Agreement or any other agreement between the parties and all extensions or renewals of it in the same manner as if the Franchise Agreement was signed between Fibrenew and the undersigned directly, as franchisee.

The undersigned expressly waive notice of the acceptance by Fibrenew to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Fibrenew, and any other notices and demands. This Personal Guaranty will not be affected by the modification, extension, or renewal of any agreement between Fibrenew and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Personal Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee's obligations or liability to Fibrenew, or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional and absolute guaranty of payment and performance and the undersigned agrees that his, her, or their liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Fibrenew of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Fibrenew may at any time possess.

The undersigned agree that any current or future indebtedness by Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Fibrenew. The undersigned will promptly modify any financing statements on file with state agencies to specify that Fibrenew's rights are senior to those of Guarantor.

The undersigned further agree that as long as Franchisee owes any money to Fibrenew (other than technical assistance fees that are not past due), Franchisee may not pay and the undersigned may not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Fibrenew.

In connection with any litigation or arbitration to determine the undersigned's liability under this Personal Guaranty, the undersigned expressly waives his, her, or its right to trial by jury and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator. The undersigned agree that the dispute resolution provisions of the Franchise Agreement will apply to any claim or controversy arising out of, or relating to, any of the rights or obligations of the parties under this Personal Guaranty, and any other claim or controversy between the undersigned and Fibrenew.

If this Personal Guaranty is signed by more than one individual, each person signing this Personal Guaranty will be jointly and severally liable for the obligations created in this it.

This Personal Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied.

Dated: **Contract Date**

IN WITNESS TO THE FOREGOING, the undersigned signed this guaranty.

GUARANTORS:

Personal Names of all business entity voting shareholders

Legal Name

ADDRESS

ADDRESS

Legal Name

ADDRESS

ADDRESS

**FIBRENEW FRANCHISE AGREEMENT
ATTACHMENT 7**

STATE ADDENDA

STATE ADDENDA

Following this page are addenda to the Franchise Agreement (the “Agreement”) for the following states:

1. Arkansas
2. California
3. Hawaii
4. Illinois
5. Indiana
6. Iowa
7. Louisiana
8. Maryland
9. Minnesota
10. Missouri
11. Nebraska
12. New Jersey
13. New York
14. North Dakota
15. South Dakota
16. Virginia
17. Washington
18. Wisconsin

You must sign the signature page for this exhibit if:

- (1) you are an individual resident of any of these states; or
- (2) you are an entity formed in any of these states; or
- (3) you are an entity with your principal place of business in any of these states; or
- (4) your franchised business will be in any of these states.

If none of these conditions applies, then this exhibit is not applicable to you.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

ARKANSAS

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Arkansas:

1. Any provision of the Agreement that would require you, at the time you enter into the Agreement, to assent to a release, assignment, novation, waiver or estoppel which would relieve any person from liability imposed by the Arkansas Franchise Practices Act is void to the extent that the provision violates this law.

CALIFORNIA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Any condition, stipulation or provision in the Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that the contractual provision violates this act.

HAWAII

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Hawaii:

1. The following language is added to the end of Section 6.1 of the Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and your FIBRENEW® Service is open for business.

2. Any provision of the Agreement that requires you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is deleted from the Agreement.

ILLINOIS

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

1. The following language is added to the end of Section 6.1 of the Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have

commenced operating your FIBRENEW® Service. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

2. Illinois law governs the Franchise Agreement.
3. 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.
4. Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. 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.

INDIANA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the disclosure document, the Agreement, or Alberta law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under that law as including any material breach of the Agreement, will supersede the provisions of Section 10 of the Agreement to the extent Section 10 may be inconsistent with such prohibition.
3. Any provision in the Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. Section 8.6 of the Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

IOWA

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Iowa:

1. Any provision in the Agreement which would result in your waiver of any rights under Iowa Business Opportunity Promotions Law prior to or at the time of execution of the Agreement is void to the extent that such provision violates such law.

LOUISIANA

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Louisiana:

1. Any condition, stipulation or provision in the Agreement which would result in your waiver of any rights established by Louisiana law is void to the extent that such condition, stipulation or provision violates such law.

MARYLAND

Notwithstanding anything to the contrary in the Agreement, the following provisions will amend the franchise agreement for all franchises offered and sold to any resident of the State of Maryland and to all franchises to be located in the State of Maryland:

1. The following language is added to the end of Section 6.1 of the Agreement:

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.

2. The general release required as a condition of renewal (Section 4.4.2(e)), sale, and/or assignment/transfer (Section 9.3.1(h)) shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. 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.

4. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. A lawsuit for any claim arising under the Maryland Franchise Registration and Disclosure Law may be brought in Maryland.

MINNESOTA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to exclusive mediation.

3. The following language will appear as Section 11.17 of the Agreement.

11.17 No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, Section 11 of this Agreement will not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

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

5. We will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and the System standards.

MISSOURI

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Missouri:

1. Termination provisions contained in the Agreement will afford you 90 days written notice in advance of any termination, except that 90 days' notice is not required for termination as a result of your criminal misconduct, fraud, abandonment, bankruptcy, insolvency, or giving a "no account" or "insufficient funds" check to us.

NEBRASKA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Nebraska:

1. No release language in the Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Nebraska.
2. No language in the Agreement will operate to restrict the sale of any equity or debenture issue or the transfer of any securities of any franchise or in any way prevent or attempt to prevent the transfer, sale or issuance of shares of stock or debentures to employees, personnel of the franchisee, or heirs of the principal owner, so long as basic financial requirements of the franchisor are complied with and any such sale, transfer or issuance does not have the effect of accomplishing a sale of the franchise.

NEW JERSEY

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of New Jersey:

1. No release language in the Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New Jersey.
2. No language in the Agreement will operate to restrict the sale of any equity or debenture issue or the transfer of any securities of a franchise or in any way prevent or attempt to prevent the transfer, sale or issuance of shares of stock or debentures to employees, personnel of the franchise, or heir of the principal owner, so long as basic financial requirements of the franchisor are complied with and any such sale, transfer or issuance does not have the effect of accomplishing a sale of the franchise.
3. Any term or condition which may directly or indirectly violate the New Jersey Franchise Practices Act is deleted from the Agreement.

NEW YORK

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of New York:

1. No release language in the Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.

NORTH DAKOTA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law
2. Covenants not to compete upon termination or expiration of the Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.
3. The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.
4. To the extent required by the North Dakota Franchise Investment Law (unless preempted by the Alberta Franchise Act), arbitration will be at a site to which we and you mutually agree.
5. Subject to arbitration requirements and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.
6. Except for the Alberta Franchise Act and other federal law, North Dakota law governs.
7. The time limitations for bringing an action set forth in this Agreement might be modified by the North Dakota Franchise Investment Law.
8. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Agreement or Alberta law.

SOUTH DAKOTA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of South Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.
2. Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and all other matters, the Agreement will be and remain subject to the construction, enforcement and interpretation of the laws of the Alberta.

3. Termination provisions covering breach of the Agreement, failure to meet performance and quality standards, and failure to make payments contained in the Agreement will afford you 30 days written notice with an opportunity to cure said default prior to termination.

4. REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.

5. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

VIRGINIA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the Commonwealth of Virginia:

1. The following paragraph is added to the Section 6.1 of the Agreement:

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

WASHINGTON

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. 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.

WISCONSIN

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats. supersedes any provisions of the Agreement that are inconsistent with that law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this document as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISEE:

Entity name: **ENTITY NAME**
d.b.a. Fibrenew NAME

By: _____

Printed Name: **NAME**

Title: _____

By: _____

Printed Name: **NAME**

Title: _____

FRANCHISOR:

Fibrenew USA LTD.

By: _____

Name: **Jesse Johnstone**

Title: **President, Fibrenew USA LTD.**

Date: **Contract Date**

**FIBRENEW FRANCHISE AGREEMENT
ATTACHMENT 8**

TECHNICAL ASSISTANCE FEE SCHEDULE

For the agreement between:

FIBRENEW USA LTD.

&

ENTITY NAME

d.b.a. Fibrenew NAME

Population: XXX,XXX

Contract date: Contract Date – Contract End (5 years from contract date)					
Month	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	Waived	\$795.00	\$834.75	\$876.50	\$920.30
	Waived	\$795.00	\$834.75	\$876.50	\$920.30
	Waived	\$795.00	\$834.75	\$876.50	\$920.30
	Waived	\$795.00	\$834.75	\$876.50	\$920.30
	Waived	\$795.00	\$834.75	\$876.50	\$920.30
	Waived	\$795.00	\$834.75	\$876.50	\$920.30
	\$795.00	\$795.00	\$834.75	\$876.50	\$920.30
	\$795.00	\$795.00	\$834.75	\$876.50	\$920.30
	\$795.00	\$795.00	\$834.75	\$876.50	\$920.30
	\$795.00	\$795.00	\$834.75	\$876.50	\$920.30
	\$795.00	\$795.00	\$834.75	\$876.50	\$920.30
	\$795.00	\$795.00	\$834.75	\$876.50	\$920.30

Product Purchase Requirements	
Contract Year	Product Requirement
MM DD, 2023 - MM DD, 2024	Waived
MM DD, 2024 - MM DD, 2025	\$2,500.00
MM DD, 2025 - MM DD, 2026	\$2,500.00
MM DD, 2026 - MM DD, 2027	\$2,500.00
MM DD, 2027 - MM DD, 2028	\$2,500.00

Name

Entity Name

d.b.a. Fibrenew Name

Name

Entity Name

d.b.a. Fibrenew Name

**EXHIBIT C-2 TO
FRANCHISE DISCLOSURE DOCUMENT
GENERAL RELEASE OF CLAIMS**

GENERAL RELEASE OF ALL CLAIMS

This General Release of All Claims is signed on **[Contract Date]**, by **[Legal Entity Name or Personal Name] - d.b.a. Fibrenew [Franchise Name]**, referred to in this Release as "Releasor," in favor of Fibrenew USA Ltd., referred to in this Release as "Releasee."

RECITALS

This General Release is made and delivered with reference to the following facts:

A. Releasee and Releasor are parties to a FIBRENEW® franchise agreement dated **[Contract Date]** (the "Franchise Agreement").

-AND-

B. Releasor would like to assign the Franchise Agreement and the franchised business operated under it to a Transferee described in the accompanying documents

-OR-

C. Releasor would like to renew the Franchise Agreement.

-AND-

D. Releasee is willing to consent to Releasor's request on condition that Releasor meets the conditions for consent stated in the Franchise Agreement. One of these conditions is that Releasor must sign a general release of claims in favor of Releasee.

RELEASE

For the above-described consideration, the value and adequacy of which Releasor acknowledges, Releasor signs and delivers this Release.

1. Releasor, on behalf of Releasor and Releasor's Related Parties, as the term "Related Parties" is defined in the Franchise Agreement, now and forever releases and discharges Fibrenew USA Ltd. and its successors, attorneys, insurers, brokers, principals, officers, directors, shareholders, partners, agents, employees, and contractors, from any and all claims, demands, losses, expenses, damages, liabilities, actions, and causes of action of any nature, except those that may not be waived in advance under applicable law, that in any manner arise from or relate to the franchise relationship described above.

2. This Release extends to and includes any and all claims, liabilities, injuries, damages, and causes of action that the parties do not presently anticipate, know, or suspect to exist, but that may develop, accrue, or be discovered in the future.

RELEASOR EXPRESSLY WAIVES ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH 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 signing the release, which if known by him must have materially affected his settlement with the debtor." Releasor represents and warrants that Releasor has considered the possibility that claims, liabilities, injuries, damages, and causes of action that Releasor does not presently know or suspect to exist in Releasor's favor may develop, accrue, or be discovered in the future, and that Releasor voluntarily assumes that risk as part of the consideration received for this Release.

3. Releasor covenants and agrees that Releasor will not make, assert, or maintain any claim, demand, action, or cause of action that is discharged by this Release against any Releasee named or described in this Agreement. Releasor agrees to indemnify, defend, and hold each Releasee named or described in this Release, and their successors in interest, harmless against any claim, demand, damage, liability, action, cause of action, cost, or expense, including attorney fees, resulting from a breach of the covenant contained in this paragraph.

I, the undersigned, have read this Release and understand all of its terms. I sign it voluntarily and with full knowledge of its significance.

Dated: _____

[Signature of releasor]

[Print name of releasor]

**EXHIBIT C-3 TO
FRANCHISE DISCLOSURE DOCUMENT
NON-DISCLOSURE AGREEMENT FOR VIEWING MANUAL**

NON-DISCLOSURE AGREEMENT **(for Viewing Manual)**

In return for the opportunity to view the Confidential Operations Manual(s) of Fibrenew USA Ltd. ("Fibrenew") prior to entering into a franchise agreement to operate a FIBRENEW® Service, **Individual Who Will Be Viewing Manual** ("Confidant") agrees as follows:

1. Non-disclosure of Trade Secrets and Confidential Information

Confidant agrees, during the term of the Franchise Agreement and following termination, expiration or assignments of the Agreement, not to disclose, duplicate, sell, reveal, divulge, utilize, publish, furnish or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Fibrenew to any other person or entity unless authorized in writing by Fibrenew. Confidant agrees not to use any Trade Secrets or Confidential Information for his or her personal gain or for purposes of others, whether or not the Trade Secret or Confidential Information has been conceived, originated, discovered or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that Fibrenew considers to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to Fibrenew, including all ideas made or conceived by Confidant.

2. Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secrets" and "Confidential Information" mean any knowledge, techniques, processes or information made known or available to Confidant that Fibrenew treats as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies; supplier lists or sources of supplies; internal business forms, orders, customer accounts, manuals and instructional materials describing Fibrenew's methods of operation, including Fibrenew's Operations Manual; products; drawings, designs, plans, proposals, and marketing plans; all concepts or ideas in, or reasonably related to Fibrenew's business that have not previously been publicly released by Fibrenew; and any other information or property of any kind of Fibrenew that may be protected by law as a Trade Secret, confidential or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of Fibrenew.

3. Return of Proprietary Material

Upon completion of viewing Fibrenew's Operations Manual by Confidant, Confidant must surrender to Fibrenew all materials considered proprietary by Fibrenew, technical or non-technical, whether or not copyrighted, which relate to Trade Secrets, Confidential Information or conduct of the operations of Fibrenew.

Confidant expressly acknowledges that any such materials of any kind given to him or her or them are and will remain the sole property of Fibrenew.

4. Irreparable Harm to Fibrenew

Confidant understands and agrees that Fibrenew will suffer irreparable injury that cannot be precisely measured in monetary damages to its Trade Secrets if Confidential Information or proprietary information is obtained by any person, firm or corporation and is used in competition with Fibrenew. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of Fibrenew for Confidant to enter into this Agreement. Thus, if there is a breach of this Agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

5. Binding Effect

This Agreement will be binding on Confidant's heirs, executors, successors and assignees as though originally signed by these people.

6. Applicable Law

The validity of this Agreement will be governed by the laws of Alberta. If any provision of this Agreement is void or unenforceable in that Province, the remainder of the Agreement will be fully enforceable according to its terms.

CONFIDANT

Individual Who Will Be Viewing Manual

NAME, an individual

**EXHIBIT D-1 TO
FRANCHISE DISCLOSURE DOCUMENT**

**ROSTER OF FRANCHISEES
(As of September 30, 2022)**

EXISTING OUTLETS
(October 1, 2021 – September 30, 2022)

State	Last Name	First Name	Franchise Name	Address of Franchisee	City	Zip	Phone
AL	McLendon	Jon	Fibrenew Birmingham Soputh	5208 Tyler Oaks Drive	Mt. Olive	35117	205.410.2223
AR	O'Brien	Dave	Fibrenew Northwest Arkansas	2592 Wildcat Creek Blvd	Springdale	72762	479.871.4945
AZ	Butler	Jeff	Fibrenew Central Arizona	12987 E. Sandoval Street	Dewey	86327	928.237.0199
AZ ¹	Milburn	Jeff	Fibrenew Lake Havasu City	2684 Bluewater Drive	Lake Havasu City	86403	928.889.1343
AZ	Anderson	John	Fibrenew East Valley	421 N. St Claire Cir	Mesa	85207	480.599.3687
AZ	Anderson	John	Fibrenew Mesa	421 N. St Claire Cir	Mesa	85207	480.599.3687
AZ	Martin	Mike	Fibrenew Arcadia-Scottsdale	4718 E. Fillmore Street	Phoenix	85008	480.625.6075
AZ	Rakestraw	Mike	Fibrenew Sun Cities	15239 W. Country Gables Drive.	Surprise	85379	623.535.9000
CA	Kostecki	Steve	Fibrenew Inland Empire	5755 Jasper Street	Alta Loma	91701	909.758.0660
CA	Bublitz	Rick	Fibrenew West	7900 Hanna Avenue	Canoga Park	91304	818.635.8887
CA	George	Harry	Fibrenew Alameda County	4419 Cristy Way	Castro Valley	94546	510.315.2275
CA	Nitch	Chris	Fibrenew Coachella Valley	35765 Canada Circle	Cathedral City	92234	760.567.7599
CA	Weber	Joey	Fibrenew Chico	720 Olive Street	Chico	95928	530.720.5050
CA	Rockwood	Aaron	Fibrenew Victorville	24888 Matterhorn Court	Crestline	92325	760.718.9445
CA	Pugh	Rod	Fibrenew Elk Grove	7427 Wynndel Way	Elk Grove	95758	916.204.2417
CA	Nelson	Erik	Fibrenew Sonora – Modesto	8975 Bench Drive	Jamestown	95327	209.677.9588
CA	Fachinello	Alexandre	Fibrenew Newport	87 Savannah	Lake Forest	92630	949.877.2179
CA	Kamerud	Chad	Fibrenew Long Beach South	4202 Obispo Avenue	Lakewood	90712	562.821.3070
CA	Glass	Larry	Fibrenew West Los Angeles and South Bay	5518 West 76th St.	Los Angeles	90045	310.720.2698
CA	Gross	Kyle	Fibrenew Ventura County	77 Los Vientos Drive	Newbury Park	91320	805.496.1902
CA	Donovan	Scott	Fibrenew Bay Area	54 Puffin Circle	Oakley	94561	510.500.4444
CA	Porter	Bruce	Fibrenew Pasadena & Vicinity	2508 Canyon View	Pasadena	91107	626.487.4003
CA	Davis	Dana	Fibrenew Folsom	1386 Muleshoe Pass	Placerville	95667	888.641.8880
CA	Sanders	Dave	Fibrenew Coastal San Diego	6431 Reflection Dr. # 101	San Diego	92124	619.455.0074
CA	Nothrup	Kevin	Fibrenew Bakersfield	22578 Dallas Avenue	Tehachapi	93561	661.432.3979
CO	Patterson	Mark	Fibrenew Fort Collins	118 E. Nebraska Avenue	Berthoud	80513	970.699.8557
CO	Fuller	Kelton	Fibrenew Colorado Springs	15550 Benchley Drive	Colorado Springs	80921	719.266.0600
CO	Kelly	Evan	Fibrenew Boulder Golden	998 Torrey Street	Golden	80401	303.919.6878
CO	Swaim	Ryan	Fibrenew Western Slope	2434 Spanish Hills Ct.	Grand Junction	81505	970.922.8000
CO	Letzelter	Cyril (CJ)	Fibrenew Highlands Ranch	7537 S. Pennsylvania Drive	Littleton	80122	720.710.7798
CO	Kurth	James	Fibrenew Northeast Denver Metro	1257 E 21st Court	Loveland	80538	720.899.0319
CT	Casavant	Brian	Fibrenew Hartford	5 Cricket Lane	Burlington	06013	860.357.7014
CT ²	Laford	Larry	Fibrenew Eastern Connecticut	26 Orange St	Danielson	06239	860.774.4832
DE	Bishop	Andrew	Fibrenew Northern & Central Delaware	88 Durham Lane	Smyrna	19977	833.427.3639
FL	Fontaine	Keven	Fibrenew Boca Raton	8820 Morgan Landing	Boynton	33473	561.403.9586

State	Last Name	First Name	Franchise Name	Address of Franchisee	City	Zip	Phone
				Way	Beach		
FL	Slipcheck	Chris	Fibrenew Sarasota - Bradenton	4812 Royal Dormoch Circle	Bradenton	34211	941.932.8098
FL	Hill	Bruce	Fibrenew Cape Coral	422 Nicholas Pkwy E	Cape Coral	33990	239.223.7003
FL	Carrigan	Michael	Fibrenew North Naples	9371 Windlake Drive	Fort Myers	33967	239.322.9775
FL	Regina	Gary	Fibrenew North Jacksonville Kingsbay	1007 Plantation Oaks Drive East	Jacksonville	32250	904.312.2624
FL ³	Parks	Ken	Fibrenew Lakeland	1312 Saddle Club Way	Lexington, KY	40504	859.797.5221
FL	Nonelle	Mike	Fibrenew Hollywood	5116 Jefferson Street	Hollywood	33021	954.218.4971
FL	VandenBos	Tyler	Fibrenew Lake County	406 North Palm Avenue	Howey in the Hills	34737	916.215.3895
FL	Torres	Sam	Fibrenew Tampa	12907 Sugar Creek Blvd.	Hudson	34669	813.380.3821
FL	Ebinger	Samantha	Fibrenew Windermere	11683 Acosta Avenue	Orlando	32836	561.460.9272
FL	Figueroa	Jorge	Fibrenew Osceola	14902 Fells Lane	Orlando	32827	407.820.6072
FL	Seale	Gary	Fibrenew Orlando East	2514 Cypress Trace Circle	Orlando	32825	407.720.5332
FL	Ott	Mark	Fibrenew Pensacola	PO Box 4165	Pensacola	32526	850.497.4069
FL	Bambach	Rose	Fibrenew Ponte Vedra	524 East Silverthorn Lane	Ponte Verde	32081	904.484.8964
FL	Aunchman	Craig	Fibrenew Port Charlotte	291 Warrington Blvd.	Port Charlotte	33954	941.615.8781
FL	Zicker	Robert	Fibrenew Halifax FL	4727 Chardonnay Lane	Port Orange	32129	386.304.5927
FL	Kelly	Kathleen	Fibrenew Port Richey	P.O. Box 41	Port Richey	34673	727.534.9033
FL	Amason	John	Fibrenew Palm Bay	954 Bridle Lane	Rockledge	32955	321.446.9589
FL	Cristiani	Nicola	Fibrenew Royal Palm Beach	900 Crestwood Court South – Apt 916	Royal Palm Beach	33411	561.460.9727
FL	Romero	Steven	Fibrenew Clearwater	16804 Ashwood Drive	Tampa	33624	813.476.5676
FL	Sahakian	Vazrik	Fibrenew Largo	13507 Greentree Drive	Tampa	33613	813.809.7301
FL	Mainstone	Jerry	Fibrenew Ocala	2130 Beecher Path	The Villages	32162	352.566.3070
FL	Freeman	Jennifer	Fibrenew Winter Park	7349 Grand Avenue	Winter Park	32792	407.588.0740
GA	Emlet	Terry	Fibrenew Griffin	202 City Pond Road	Barnesville	30204	770.468.9666
GA	Kamppi	Ken	Fibrenew Savannah	408 Cherry St	Bloomington	31302	912.777.9587
GA	Garner	Henry	Fibrenew Alpharetta	222 Redwood Drive	Dawsonville	30534	706.429.8155
GA	Logan	Mark	Fibrenew Loganville – 20 East	191 Bob O Link Drive	Monticello	31064	404.946.3715
GA	Metropol	Bill	Fibrenew Marietta	202 Bent Oak Lane	Woodstock	30189	678.402.8338
IA	McDowell	Jason	Fibrenew West Des Moines	806 Evans View Dr.	Adel	50003	515.822.2129
IA	Moffett	Matt	Fibrenew Des Moines - Altoona	931 14 th Avenue, SE	Altoona	50009	515.401.7604
IA	Colwell	Josh	Fibrenew Central Iowa	6 Highland Acres Road	Marshalltown	50158	319.621.0694
ID	Tucker	Mark	Fibrenew Boise	507 South Michael Street	Boise	83705	208.789.1343
IL	Griesemer	John	Fibrenew South Fox Valley	1131 Alameda Drive	Aurora	60506	630.244.2334
IL	Williams	Anthony	Fibrenew Gold Coast	5444 So. Indiana Avenue	Chicago	60615	312.617.5106
IL	King	Philip	Fibrenew North Shore	837 S. 2nd Ave.	Des Plaines	60016	847.998.1342
IL ⁴	Egert	Steve	Fibrenew Quad Cities	22565 E. 1720th Street	Geneseo	61254	309.981.0549
IL	Bedsole	Bill	Fibrenew Palatine	2110 Huntly	Inverness	60067	847.989.5560
IL	Bedsole	Bill	Fibrenew Palatine Annex	2110 Huntly	Inverness	60067	847.989.5560
IL	Baugh	Ken	Fibrenew Peoria	7255 Warner Road	Manito	61546	309.241.0163
IL	Fleming	Darrell	Fibrenew Heritage Corridor	2216 Spencer Place	Ottawa	61350	815.830.3444
IN	Wittig	Paul	Fibrenew Indianapolis West	212 Jefferson Valley	Coatesville	46121	317.443.9850
IN	Bass	Jason	Fibrenew Fort Wayne	10606 Lake Pointe Drive	Fort Wayne	46845	260.433.4263
IN	Gocur	Iggy	Fibrenew Indy East	9208 Selkirk Court	Indianapolis	46260	317.747.9105
IN	Rosenthal	Warren	Fibrenew Indy Metro North	8024 Warbler Way	Indianapolis	46256	317.849.5000
IN	Scheff	Bob	Fibrenew Southern Indiana	1210 Harvest Ridge Blvd.	Memphis	47143	812.406.5826

State	Last Name	First Name	Franchise Name	Address of Franchisee	City	Zip	Phone
IN	Fecteau	Joe	Fibrenew Michiana	2344 Creekview Drive	Mishawaka	46545	574.314.6264
IN ⁵	Day	Joe	Fibrenew Evansville	3755 Katalla Drive	Newburgh	47630	812.573.9661
IN	Hartwick	Mark	Fibrenew Indianapolis South	5239 W. 250 S.	Shelbyville	46176	317.560.0404
IN	Stevens	Todd	Fibrenew North Central Indiana	Box 319	Walton	46994	765.434.7227
KS	Seetin	Ronnie	Fibrenew Sunflower Annex	17733 178th Street	Tonganoxie	66086	913.724.1453
KS ⁶	Seetin	Ronnie	Fibrenew Sunflower	17733 178th Street	Tonganoxie	66086	913.724.1453
KY	Brown	Matt	Fibrenew East Louisville	11 Oakwood Court	Carrollton	41008	502.662.2001
KY	Bland	Stephen	Fibrenew Bluegrass Lexington	412 Arlington Meadows Drive	Fisherville	40023	502.744.0082
LA	Milligan	Drew	Fibrenew New Orleans & Northshore	208 Colonial Club Drive	Harahan	70123	504.463.4510
LA	Grenier	Derek	Fibrenew Lake Charles	32 Raintree Cove	Lake Charles	70605	337.661.9922
MA	Kelley	John	Fibrenew Burlington	28 Arlington Road	Burlington	01803	781.825.7102
MA	Rainville	Rick	Fibrenew Cape Cod & The Islands	274 Stoney Cliff Road	Centerville	02632	774.487.9579
MA ⁷	Newburn	Brian	Fibrenew Springfield	82 Canterbury Lane	Longmeadow	00106	413.935.2305
MD	Justin	Joseph	Fibrenew Columbia	5923 Tamar Drive, Unit 3	Columbia	21045	410.717.8893
MD	Lupo	John	Fibrenew Annapolis	7315 Narrow Wind Way	Columbia	21046	443.333.3049
MD	Kirby	Jeffrey	Fibrenew Potomac	460 Links View Drive	Hagerstown	21740	240.394.5551
MD ⁸	Tinelli	Suzanne	Fibrenew Hagerstown	15730 Spade Road	Hagerstown	21740	301.660.9527
ME	Clohessy	Patrick	Fibrenew Greater Portland Maine	601 Plains Road	Turner	04282	207.466.4787
MI	Merkel	Bruce	Fibrenew Fenton-Grand Blanc	9463 Burning Tree Dr.	Grand Blanc	48439	810.610.0359
MI	Small	Kirk	Fibrenew NW Metro-Detroit	22390 Innsbrook Drive	Northville	48167	248.716.0775
MI	Leach	Casey	Fibrenew Lakeshore	13497 Stafford Drive	Nunica	49448	616.889.0941
MI	Enck	Brian	Fibrenew Sterling Hts	35306 Davison	Sterling Heights	48310	313.550.7983
MI	Steverson	LaChaun	Fibrenew Grand Rapids	866 Kings Row Dr NW	Walker	49534	616.309.8516
MN	York	Noel	Fibrenew Western Lakes – Plymouth	5562 Sherwood Drive	Mound	55364	612.309.0929
MN	Hanson	Derek	Fibrenew St. Paul East	1476 Quail Run	New Richmond WI	54017	651.315.1369
MN	Schwalbe	Sam	Fibrenew SE Minnesota	1827 26 th Street NW	Rochester	55901	507.398.8608
MN	Flavion	Doug	Fibrenew Southwest Lakes – Minnetonka	1193 Interlaken Pkwy. N.	Waconia	55387	952.219.0197
MO	Bove	Ray	Fibrenew St. Louis SW	637 N. Virginia Ave.	Eureka	63025	314.412.6271
MO	Angelo	Christopher	Fibrenew St. Louis City	3525 Possum Ridge	Imperial	63052	888.407.1576
MO	Chronister	Kevin	Fibrenew Mid Missouri	4143 County Rd 2320	Moberly	65270	660.998.3281
MO	Black	Terry	Fibrenew St. Charles West	9032 Harvest Run Drive	O'Fallon	63368	636.724.6600
MO	Black	Terry	Fibrenew St. Charles East	9032 Harvest Run Drive	O'Fallon	63368	636.724.6600
MO	Rayfield	Aaron	Fibrenew SEMO Ozarks	129 Wayne 341C	Piedmont	63957	573.444.1269
MO	Harris	Greg	Fibrenew Kansas City MO	202 E. Pine Street	Smithville	64089	816.873.0380
MS	Graham	Clyde	Fibrenew Jackson	1888 Main Street Suite C #179	Madison	39110	769.567.5416
MT	Alexander	Genevieve	Fibrenew Bozeman	110 Double L Lane	Manhattan	59741	406.570.0295
NC	Blakely	Patrick	Fibrenew Chapel Hill – Durham	1021 Delray Street	Durham	27713-1241	919.636.0370
NC ⁹	Henderson	Starlett	Fibrenew Franklin WNC	2871 River Road	Franklin	28734	828.200.3073
NC	Schmider	Denis	Fibrenew Catawba Valley	131 Fox Runn Road	Granite Falls	28630	980.222.4551
NC	Wagaman	Branan	Fibrenew Greensboro West	1641 Haddington Point	Kernersville	27284	336.689.4064

State	Last Name	First Name	Franchise Name	Address of Franchisee	City	Zip	Phone
				Drive			
NC	Kapugi	Julie	Fibrenew Asheville	500 Higgins Branch Road	Mars Hill	28754	828.774.6397
NC	Wohlgamuth	Roger	Fibrenew Charlotte	10132 Hanging Moss Trail	Mint Hill	28227	704.840.6909
NC	Underwood	David	Fibrenew Monroe	2624 Tara Drive	Monroe	28112	980.239.2754
NC	Bill	Jeff	Fibrenew Lake Norman	131 Farmstead Lane	Mooresville	28117	704.775.2352
NC	Burick	Tim	Fibrenew Crystal Coast-Greenville	115 Whitewater Cove	Newport	28570	252.654.2020
NC	Burt	Ben	Fibrenew Fayetteville – Sand Hills	112 Timber Ridge Drive	Raeford	28376	910.527.5057
NC	Hill	Bruce	Fibrenew North Raleigh – Wake Forest	1505 Acres Way	Raleigh	27614	919.891.4999
NC	Strickland	James	Fibrenew Concord	177 Brooks Farm Drive	Rockwell	28138	704.783.8960
NC	Conway	Brent	Fibrenew Cape Fear – Wilmington	6626 Windingwood Lane	Wilmington	28411	910.398.3777
ND ¹⁰	Bayman	Kathy	Fibrenew Fargo	3532 Lincoln Street S.	Fargo	58104	701.866.6999
NE	Benes	Ann	Fibrenew Lincoln	2031 23 1/2 Rd.	Dwight	68635	402.367.2965
NE ¹¹	Covey	Clint	Fibrenew Nebraska Tri-Cities	2677 Saint Patrick Avenue	Grand Island	68803	308.258.0320
NE ¹²	Neumann-Glasford	Jeanne	Fibrenew Omaha North	5022 California Street	Omaha	68132	402.881.0279
NE	Ruiz	Gabriel	Fibrenew Omaha South	2211 Broadwater Drive	Papillion	68046	402.590.5448
NH	Anderson	Alex	Fibrenew Manchester	19 Amy Way	Concord	03303	603.460.5463
NJ	Neal	Scott	Fibrenew West Central Jersey	13 Belmont Court	Pittstown	08867	908.797.5420
NJ	Keegan	Joe	Fibrenew Greater Cherry Hill	43 Tenby Chase Drive	Voorhees	08043	856.326.1216
NM ¹³	Hunter	David	Fibrenew Albuquerque East	3815 Independence Ct.	Wheat Ridge	80033	303.747.7331
NV	Cardinal	Marc	Fibrenew Reno-Sparks	1557 Gemtown Court	Reno	89521	775.657.6331
NV ¹⁴	Sivley	Jeff	Fibrenew Red Rock	765 Dian Avenue NW	Salem	97304	971.209.9004
NY	King	Andrew	Fibrenew Albany	473 Lawyersville Rd	Cobleskill	12043	518.443.9833
NY	Dowdy	Bob	Fibrenew Suffolk South	34 Don Street	East Patchogue	11772	631.972.4321
NY	Woolver	Jason	Febrenew Eastside	25 Matthew Drive	Fairport	14450	585.505.3706
NY	Shapiro	Saul	Fibrenew Manhattan Central	340 East 93rd St. #22K	New York	10128	212.860.7690
NY	Healy	Tim	Fibrenew Northtowns	166 Countryside Lane	Williamsville	14221	716.344.7197
OH	Cummin	Mark	Fibrenew Dayton	1473 Central Park Ave	Dayton	45409	937.293.1626
OH	Martins	Paulo	Fibrenew Cincinnati North	5330 Snow Valley Lane	Liberty Township	45011	513.883.9220
OH	Scudder	Pete	Fibrenew Cincinnati East	11799 Thistlehill Dr.	Loveland	45140	513.550.7624
OH	Tvrdik	Tom	Fibrenew CLE SW	6611 York Road	Parma Heights	44130	440.667.7074
OH	Lacke	Phil	Fibrenew Northwest Columbus	8365 Wildflower Dr.	Powell	43065	740.881.0570
OH	Sherman	Steve	Fibrenew Toledo	6742 Addington Lane	Sylvania	43560	419.343.7433
OH	Bouton	Gregory	Fibrenew NE Columbus	71 Kimothy Drive	Westerville	43081	614.404.4930
OK	Curran	Jim	Fibrenew North OKC-Edmond	1728 NW 183rd Terrace	Edmond	73012	405.861.1514
OK	Bressman	Paul918.906.3791	Fibrenew South OKC – West Norman	2716 Kingsley lane	Oklahoma City	73128	405.313.0708
OK	Baker	Jerry	Fibrenew Tulsa	10001 East 100 th Place North	Owasso	74055	918.906.3791
OK	Groblebe	Travis	Fibrenew Green County	936 S. 439	Pryor	74361	918.373.7997
OR	Penhollow	Todd	Fibrenew Central Oregon	P.O. Box 6651	Bend	97701	541.419.8835
OR	Hoffman	Dan	Fibrenew Portland	39500 Hood St	Sandy	97055	503.970.7390

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PA	Lawrence	Marc	Fibrenew Laurel Highlands	419 Newport Drive	Greensburg	15601	724.858.0285
PA	Schwartzman	Daniel	Fibrenew Main Line NW Philadelphia	2429 Wynnefield Drive	Havertown	19083	267.432.1893
PA	Costantino	Frank	Fibrenew Pittsburgh East	671 Adele Drive	Irwin	15642	724.217.9309
PA	Boyle	Mark	Fibrenew Main Line (West Chester)	107 Inis Way	Malvern	19355	610.790.7993
PA	Wolfe	Bryan	Fibrenew Harrisburg	110 Kittochtinny Drive	Marysville	17053	717.910.1000
PA	O'Brien	Jim	Fibrenew Reading	1711 State Street	Mertztown	19539	484.650.2124
PA	Fragola	Anthony	Fibrenew Alleghenies	135 Spring Hill Lane	State College	16801	888.488.1860
SC	Loebach	Chris	Fibrenew East Greenville	825 Hammett Road	Campobello	29322	864.357.9362
SC	Peckinpugh	Ben	Fibrenew Spartanburg	522 Live Oak Court	Greer	29651	864.705.8007
SC	Gainey	Thomas	Fibrenew Myrtle Beach	2638 Great Scott Drive	Myrtle Beach	29579	843.945.0451
SC	Parks	Eric	Fibrenew Rock Hill	117 Boardwalk Run	Rock Hill	29732	803.487.5444
SC	Reese	Ken	Fibrenew Midlands	1572 Rembert Church Road	Sumter	29153	803.983.2100
SC	Moss	Eric	Fibrenew Foothills	106 Pier Thirty Three	Townville	29689	864.477.9440
TN	Meade	Mat	Fibrenew Nashville South	125 Forest Trail	Brentwood	32027	615.290.2874
TN	Cox	Chip	Fibrenew Greater Memphis	10611 Santa Anita Cove W	Cordova	38016	901.584.9264
TN	Thompson	JT	Fibrenew Nashville Metro	106 Cheyenne Drive	Hendersonville	37075	615.846.8088
TN	Taylor	Josh	Fibrenew Murfreesboro East	151 New Hope Road	Manchester	37355	931.222.0530
TN	Miles	Charlie	Fibrenew NW Tennessee	120 Collins Drive	Martin	38237	731.991.3075
TN	Carver	Dan	Fibrenew Bluff City – Memphis	570 S Holmes Street	Memphis	38111	901.545.3553
TN	Chasteen	Mark	Fibrenew Smyrna	1409 Precept Drive	Murfreesboro	37129	615.509.9616
TN ^{15,16}	Holliefield	Randy	Fibrenew Chattanooga	86 Castlevue Court	Ringgold	30736	423.595.1746
TN	Ozmon	Mike	Fibrenew South Knoxville	1612 E Union Valley Road	Seymour	37865	865.318.3942
TX	Friemel	Evan	Fibrenew Amarillo	3935 S FM 1258	Amarillo	79118	806.335.3750
TX	Fuller	Kelton	Fibrenew Dallas Fort Worth	15550 Benchley Drive	Colorado Springs, CO	80921	719.266.0600
TX	Barbaroux	Philippe	Fibrenew South Austin	3508 Bankside Street	Austin	78748	512.280.1163
TX	Church	Rachel	Fibrenew Metro Austin	145 Archipelago Trail	Austin	78717	512.852.9963
TX	Smith	Brian	Fibrenew Sherman-Gainesville	1655 Hayden Hall Road	Bells	75414	903.267.6446
TX	Smith	Kelli	Fibrenew Heart of Texas	105 Woodland Trail	Belton	76513	254.534.4007
TX	Schmidt	Todd	Fibrenew Northwest San Antonio	530 Shayla Lane	Canyon Lake	78133	210.889.5304
TX ¹⁷	Preszler	Dave	Fibrenew Waco	700 Lost Hunters Canyon	China Spring	76633	254.447.7393
TX	Ickes	Robert	Fibrenew Corpus Christi	6810 Sahara Drive	Corpus Christi	78412	361.742.9256
TX	Mannino	Justin	Fibrenew Cypress	15210 Kickapoo Cavern Drive	Cypress	77433	832.402.0016
TX	De Lara	Nohely	Fibrenew El Paso	13129 Round Ridge	El Paso	79938	915.503.5153
TX	Mowery	Frederick (Fritz)	Fibrenew South McKinney-Allen	1376 Sagebrook Drive	Fairview	75069	469.919.1399
TX	Campbell	Gwennie	Fibrenew Northwest Fort Worth	1008 Creek Hollow Lane	Fort Worth	76131	817.662.7626
TX	Salsaa	Joseph	Fibrenew Fort Worth North- Keller	7252 Laguna Del Campo Trail	Fort Worth	76131	817.296.0248
TX ¹⁸	Roucloux	Jason	Fibrenew Fort Worth South	3245 Boat Landing Trail	Granbury	76049	817.964.5773
TX	Williamson	Barry	Fibrenew Mansfield-	12429 FM 916	Grandview	76050	817.526.2222

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			Burleson				
TX	Buckley	David	Fibrenew Jersey Village - Willowbrook	10811 Golden Sunshine Drive	Houston	77064	832.469.6768
TX	Calder	Keith	Fibrenew West Houston	3004 Chenevert Street	Houston	77004	713.592.6444
TX	Hardt	Austin	Fibrenew Central Houston	2031 Harvard Street	Houston	77008	281.433.3301
TX	Carlson	Kevin	Fibrenew Katy	1606 Penmark Lane	Katy	77450	346.404.1972
TX	Weinstein	Hank	Fibrenew Pearland	104 Aster Lane	Lake Jackson	77566	979.529.1265
TX	Bugg	Steve	Fibrenew Clear Lake	3217 Coral Ridge Drive	League City	77573	346.315.7666
Tx	Arthur	Jimmy	Fibrenew Plano	1828 Shreveport Trail	Plano	75023	469.890.5550
TX	Lloyd	Bobby	Fibrenew West Plano Frisco	3805 Silver Falls Court	Plano	75093	469.833.8950
TX	Chettouh	Dean	Fibrenew Central Texas	1202 Deep Wood drive	Round Rock	78681	512.334.9588
TX	VanHusen	Andrew	Fibrenew Garland	8901 Pheasant Run Dr.	Rowlett	75089	972.987.7068
TX ¹⁹	Grenier	Derek	Fibrenew Sabine	32 Raintree Cove	Lake Charles, LA	70605	337.661.9922
TX	Gebhart	Jeff	Fibrenew Conroe	6114 Valhalla Dr	Spring	77378	936.828.4310
TX	Gebhart	Jeff	Fibrenew North Houston-Kingwood	6114 Valhalla Dr	Spring	77378	936.828.4310
TX	Torres	Angel	Fibrenew Sugar Land	1619 Fairview Drive	Sugarland	77479	713.992.1117
TX	Berk	Elliott	Fibrenew Northeast San Antonio	114 Crystal Canyon	Universal City	78148	210.315.4845
UT	Lundgren	Sterling	Fibrenew Northern Utah	237N 100 W	Hyrum	84319	435.258.8077
UT	Santos	Sy	Fibrenew Layton	3673 West Gordon Avenue	Layton	84041	801.544.3235
UT ²⁰	Gayes	Steve	Fibrenew Southwest Utah	29 S. 3500 W. (Paula Dr.)	Parowan	84761	435.383.1909
UT	Pope	Krista	Fibrenew North Provo-Lehi	1681 North 1820 West Street	Provo	84604	801.319.1260
UT	Stewart	Tom	Fibrenew SLC Central	1129 S Stansbury Way	Salt Lake City	84108	385.270.7045
VA	Hyman	Anthony	Fibrenew Alexandria	2316 Fort Drive	Alexandria	22303	703.598.4933
VA	Carter	Michael	Fibrenew Loudoun	43088 Stonecottage Place	Ashburn	20147	703.508.4326
VA	Avery	Bucky	Fibrenew South Richmond	514 Windmere Drive	Colonial Heights	23834	804.481.8533
VA	Sacra	Doug	Fibrenew Charlottesville	10151 Spring Drive	Gordonsville	22942	540.718.4466
VA	Page	Chris	Fibrenew Tidewater	9400 Alpine Court	Norfolk	23503	757.630.2389
VA	Batey	Jim	Fibrenew Roanoke	1909 Pelham Drive	Roanoke	24018	540.556.6035
VA	Pegram	Chelsey & Robert	Fibrenew Hampton Roads – Peninsula	701 Burts Road	Yorktown	23692	757.303.3052
WA ²¹	Hepler	Brian	Fibrenew Bellevue	10119 NE 189th Street	Bothell	98011	425.455.0119
WA	McBride	Tim	Fibrenew South Snohomish County	7410 156th St SE	Snohomish	98296	425.953.4770
WA	Walker	Jerry	Fibrenew Puyallup	1316 193rd St E	Spanaway	98387	253.331.3311
WI	Kromanaker	Alan	Fibrenew Madison	325 Garnet Lane	Madison	53714	608.469.9311
WI	Schoenherr	Donald	Fibrenew St. Croix Valley	320 Kathryn Ct	New Richmond	54017	715.246.3835
WV	Snider	Tim	Fibrenew Morgantown	539 Koury Run Road	Masontown	26542	304.698.9993

1 This territory services AZ & NV

2 This territory services CT & RI

3 This franchise was located in KY and has relocated to FL

4 This territory services IL & IA

5 This territory services IN & KY

6 This territory services KS & MO

7 This territory services MA & CT

8 This territory services MD & WV

- 9 This territory services NC & GA
- 10 This territory services ND & MN
- 11 This franchise was located in MN and has relocated to NE
- 12 This territory services NE & IA
- 13 This franchisee was located in CO and has relocated to NM
- 14 This franchisee was located in OR and has relocated to NV
- 15 This territory services TN & GA
- 16 This franchise was located in GA and relocated to TN, GA
- 17 This franchise was located in UT and has relocated to TX
- 18 This franchise was located in CO and has relocated to TX
- 19 This franchise was located in LA and has relocated to TX
- 20 This franchise was located ion IL and WI and has relocated to UT
- 21 This franchise was located in FL and has relocated to WA

FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED
(As of September 30, 2022)

State	Last Name	First Name	Franchise Name	Address	Telephone No.
FL	Osorio	Jose	Fibrenew Miami	N/A	N/A
FL	Vanden Bos	Trevor	Fibrenew St. Petersburg	4201 Locust Street NE St Petersburg, FL 33703	727.282.4757
IL	Okafor	Anthony	Fibrenew Oakland Park	17929 Los Angeles Avenue Homewood, IL 60430	708.953.8347
TX	Boyd	Mark	Fibrenew Lubbock	6013, 135 th Street Lubbock, TX 79424	806.632.8905

**EXHIBIT D-2 TO
FRANCHISE DISCLOSURE DOCUMENT
ROSTER OF FORMER FRANCHISEES
(As of September 30, 2022)**

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

FORMER FRANCHISEES
LEFT THE SYSTEM BETWEEN OCTOBER 1, 2021 & SEPTEMBER 30, 2022

State	Last Name	First Name	Franchise Name	Address of Franchisee	Phone
AZ*	Fournier	Rick	Fibrenew Sun Cities	16308 N. 152 nd Avenue Surprise, AZ 85374	623.535.9000
CA	Walker	Andy	Fibrenew Santa Clarita	27012 Santa Clarita Road Saugus, CA 91350	661.585.1985
CO**	Hunter	David	Fibrenew West Metro Denver	3815 Independence Court Wheat Ridge, CO 80033	303.747.7331
IL	Gale	Ray	Fibrenew Chicago SW	2519 Freeland Court Naperville, IL 60564	630.699.1977
IL**	Gayes	Steve	Fibrenew Lakeside	29S.3500W Parowan, UT 84761	435.383.1909
KY**	Bland	Stephen	Fibrenew SW Louisville	412 Arlington Meadows Drive Fisherville, KY 40023	502.744.0082
MA	Williams	Hays	Fibrenew Worcester	5 Meola Avenue Worcester, MA 01606	508.333.9971
NC	Bradshaw	Joe	Fibrenew Gastonia	705 Forestbrook Drive Gastonia, NC 28056	704.215.0200
NC*	Marks	Brian	Fibrenew North Raleigh Wake Forest	12312 Camberwell Court Raleigh, NC 27614	919.891.4999
NY	Hammell	Drew	Fibrenew Rochester	25 Cardiana Drive Rochester, NY 14612-1619	585.720.1622
OR**	Sivley	Jeff	Fibrenew Salem	765 Dian Avenue, NW Salem, OR 97304	871.209.9004
PA	Gilfoil	Dustin	Fibrenew Hershey-Harrisburg	1604 Copperstone Road Harrisburg, PA 17111	855.999.3427
PA	Siewe	Manni	Fibrenew South Hills	721 Jonagold Drive Canonsburg, PA 15317	412.552.0350
PA	Zsoldos	Eileen	Fibrenew Water Gap	P.O. Box 1122 Brodheadsville, PA 18322	570.223.4733
TN	Knudson	Dwayne	Fibrenew Nashville Central	3114 Brimstead Drive Franklin, TN 37064	629.246.4033
TX	Evans	Randy	Fibrenew Denton	2401 Timber Trail Denton, TX 76209	940.514.1155
WA	Hall	Clint	Fibrenew Spokane	711 E. 2 nd Avenue Spokane Valley, WA 99212	509.279.3336
WI	Barac	Ted	Fibrenew Chippewa Valley	364 North Franklin Street Mondovi, WI 54755	715.492.6130

* The territory was transferred.

** These territories have been relocated.

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

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	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBITS E-1 and E-2 TO
FRANCHISE DISCLOSURE DOCUMENT
RECEIPTS**

FDD RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Fibrenew USA Ltd. 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 binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Fibrenew USA Ltd. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and the administrator for this state listed in Exhibit A.

Our franchise sellers are our CEO, Michael Wilson, Box 117, Black Diamond, Alberta T0L 0H0 Canada, (800) 345-2951, and the following:

Name: _____

Business phone: _____

Business address: _____

Issuance date: December 5, 2022

I have received a disclosure document with an issuance date of December 5, 2022. This disclosure document includes the following exhibits:

- 1: Specific State Disclosures
- A: State Administrators and Agents for Service of Process
- B: Financial Statements
- C-1: Franchise Agreement and Attachments
- C-2: General Release of All Claims
- C-3: Non-Disclosure Agreement for Viewing Manual
- D-1: Roster of Franchisees
- D-2: Roster of Former Franchisees
- E-1: Receipt (Your copy)
- E-2: Receipt (Fibrenew's copy)

[Prospective Franchisee's Signature]

[Date FDD was received and read]

[Prospective Franchisee's Printed Name]

FDD RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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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 binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Fibrenew USA Ltd. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and the administrator for this state listed in Exhibit A.

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- E-2: Receipt (Fibrenew's copy)

[Prospective Franchisee's Signature]

[Date FDD was received and read]

[Prospective Franchisee's Printed Name]