FRANCHISE DISCLOSURE DOCUMENT

Floorcoverings International, Ltd.
5390 Triangle Parkway, Suite 125
Norcross, Georgia 30092
800-955-4324
www.floorcoveringsinternational.com

The franchisee will conduct a mobile retail floor covering business. The total investment necessary to begin operation of a Floor Coverings International franchise is $200,600 to $281,300. This includes $101,950-108,300 that must be paid to the franchisor or its affiliates.

The franchisor also offers an additional territory option agreement for the establishment and operation of multiple Floor Coverings International franchises in a specified development area. The total investment necessary to begin operation of a multi-territory business depends on the number of franchise agreements we grant you the option to execute. The total investment necessary to enter into an additional territory option agreement for the right to develop two to three franchised businesses is $275,600 to $486,000, which includes a $40,000 additional territory fee for each additional franchise agreement, and your total investment to begin operation of your initial Floor Coverings International business.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Amy Schlosser at 5390 Triangle Parkway, Suite 125, Norcross, Georgia 30092 and 800-955-4324.

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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 23, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
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 F 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 FCI International, Ltd. Business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an FCI International, Ltd. Franchise?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends that 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 I.

Your state also may have laws that require special disclosures or amendments to 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 Risk(s) to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and additional territory option agreement requires you to resolve disputes with the franchisor by mediation or litigation only in Georgia. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or litigate with us in Georgia than in your own state.

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

3. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

4. **Unopened Franchises**. The Franchisor has signed a significant number of Franchise Agreements with franchisees that have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

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

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NOTE: STATE-SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT ARE FOUND IN EXHIBIT H.

EXHIBITS

A – Franchise Agreement (and exhibits)
B – Promissory Note
C – System Access Agreement
D – Telephone Listing Authorization Agreement
E - Additional Territory Option Agreement
F – Lists of Franchisees and Former Franchisees
G – Financial Statements
H – State Specific Addenda
I – Statement of Prospective Franchisee
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M – Receipt

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, "FCI", "Floorcoverings International", "our" or "we" means Floorcoverings International, Ltd. "You" means the person(s), partnership, corporation, limited liability company or other legal entity who buys the franchise (including its individual owners).

The Franchisor and Parents

Floorcoverings International, Ltd. is a Georgia corporation established in February 1998 with corporate offices located at 5390 Triangle Parkway, Suite 125, Norcross, Georgia 30092; the telephone number is (800) 955-4324. FCI is a subsidiary of FS Brands, Inc., a Delaware corporation, which has its principal business address at 2621 Van Buren Avenue, Suite 550A, Audubon, PA 19403. FS Brands, Inc. is a subsidiary of FirstService CAM Holdings, Inc., a Delaware corporation, with an address at 103 Foulk Road, Suite 202, Wilmington, DE 19803, which in turn is owned by FirstService Corporation, an Ontario corporation, with an address of 1255 Bay Street, Suite 600, Toronto, Ontario M5R 2A9, Canada. We do business as "Floor Coverings International" and "FCI." Our agents for service of process are disclosed in Exhibit J of this disclosure document.

We have offered franchises in the mobile retail floor covering business since our incorporation in February 1998. We do not offer and have not offered franchises for any other business. Currently, neither FCI nor our affiliates operate Floor Coverings International® businesses of the kind being offered to you as described in this disclosure document. We do not have any predecessors required to be disclosed in this Item.

The Franchise Offered

We sell a mobile retail floor coverings franchise business for both soft and hard flooring products (the "Franchised Business") under the terms of a Franchise Agreement included in this disclosure document as Exhibit A (the "Franchise Agreement").

You are required to establish a studio (office/warehouse). Each Franchised Business includes the right to use our name, service marks and business methods (the "License") in a protected territory (a "Designated Market Area" or "DMA"). A DMA generally encompasses between 50,000 and 80,000 single family dwellings. Under the Franchise Agreement, you may only offer, sell and/or perform the following: carpeting, hard and soft floor covering products in residential dwellings that have less than five units/apartments or condominiums, as well as individual residential apartments or condominiums, townhomes, single family homes, or light commercial office space of less than 5,000 square feet provided (i) such work is not subject to the National Account Program, and (ii) the total aggregate contract amount does not exceed $50,000 for any one particular job (collectively, "Residential Services").

FCI has a National Account Program in which FCI has the exclusive right to negotiate and

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enter into agreements to provide services to National Account customers. FCI may offer you the option to perform such work in the DMA, but it may also provide such services itself or contract with a third-party including another FCI franchisee to perform such services in the DMA. Qualified franchisees must enter into FCI's then-current form of National Account Lead Referral Program Participation Agreement to receive leads from FCI and provide services to National Account customers. Further, we may offer qualified franchisees the right to perform services for any particular residential job in which the aggregate contract amount exceeds $50,000 ("Commercial Services"), and any other flooring services not specifically identified as Residential Services above, including but not limited to any business or other commercial building, hotel or academic institution, upon the payment of a one time, non-refundable Commercial Services Licensing Fee, signing our Commercial Services Addendum, and the completion of our Commercial Training Program and such other conditions as we require. FCI franchisees operating a commercial services franchise are permitted to offer and sell their Commercial Services in the DMA. See Item 12 for more information about FCI's National Account Program and Commercial Services.

From time to time, FCI may establish certain programs for the benefit of its franchisees and the FCI System whereby FCI franchisees will be permitted to offer, sell and perform certain flooring services in accordance with the specifications described in any particular program established by FCI ("Program Services"). Franchisee's participation in any particular program will be subject to the terms and conditions of such program.

We will provide you with training and assistance in marketing, sales, advertising, staffing, product selection, operational procedures, and financial administration. As the owner of a mobile floor coverings and window treatments business, you will operate from a design- consultation studio from which you and your team will service your local market. No prior experience is required, although we reserve the right to award franchises at our sole discretion. As a franchisee, you and your team take samples of floor coverings and window treatments (the "Franchised Products and Services") to your customer's home or business, where you help them select floorcovering and/or window treatment type, color, and style best suited to your customer's furniture and color scheme. When your customer places an order, you telephone the order to a designated mill or mill manufacturer representative or other supplier and schedule installation by a qualified installer. You will compete with fixed location retail facilities and department stores as well as other mobile floor covering businesses that offer similar floor covering and window treatment products and services.

Multi-Territory Program

In addition to our single unit offering, we grant qualified individuals the right to own and operate multiple (usually two or three) Franchised Businesses through an Additional Territory Option Agreement, a copy of which is attached as Exhibit E to this Disclosure Document. You must sign our then current form of Franchise Agreement for each additional Franchised Business acquired under the Additional Territory Option Agreement.

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Laws, Licenses and Permits

In California, all persons who install or contract for the installation of floorcovering must obtain a contractor's license. The classification is Class C – Specialty Contractor, and the specific flooring license is C-15. Sellers of installed carpet who hold a retail furniture dealer's license, however, are exempt (see California Business and Professions Code, Section 7058(d)). You can obtain further information regarding the California contractor's license at http://www.cslb.ca.gov/. FCI is not aware of any other laws or regulations in any state which are specifically applicable to the sale or installation of carpet or other floor covering products, but we recommend that you conduct your own investigation to determine if any such laws or regulations are applicable to your Franchised Business. Various states, including Arizona, Florida and Nevada have contractors' licensing laws, which apply generally to persons defined as "contractors" under applicable law. In addition, various states including California, Florida, Indiana, Kentucky, Massachusetts, Michigan, New Jersey, New York, Ohio, Oklahoma, and West Virginia have laws which regulate the terms of home improvement contracts with customers. The U.S. Environmental Protection Agency's lead-based paint renovation, repair and painting regulations require contractors performing certain renovation work in homes, childcare facilities, and schools built before 1978 to be certified and follow certain specific work practices to prevent lead contamination (see 40 C.F.R. Part 745). You can obtain further information regarding the EPA regulation and its application at www.epa.gov/lead/pubs/renovation.htm. You will need to investigate the scope of those laws in your state to determine whether you will need to obtain some form of license or certification. Other laws regulating businesses in general may also apply to your Franchised Business. You are solely responsible for investigating all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us.

FCI's Affiliates

The following is a list of FCI's affiliates including the principal address, a description of the business, and the number of franchises of each. Other than as disclosed below, neither FCI nor its predecessors nor affiliates presently operate businesses of the type that they franchise, offer franchises in any other line of business, or engage in any other type of business.

Company/Address	***Type of Business/Year Began Offering Franchises***	***Number of Franchises as of December 31, 2025***
California Closet Company, Inc., a California corporation 2001 W. Phelps Road, Suite 1 Phoenix, AZ 85023	Residential and commercial customized closet, office, garage, and storage space design, production, and installation services and related products / 1980	38 (United States) 5 (Canada) 2 (International)

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Company/Address	*Type of Business/Year Began Offering Franchises*	*Number of Franchises as of December 31, 2025*
Certa ProPainters, Ltd., a Massachusetts corporation 2621 Van Buren Avenue, Suite 550A, Audubon, PA 19403	Residential and commercial painting and decorating franchises / 1992	299 (United States)
Certa Pro Painters Ltd., a Canadian corporation 1140 Bay Street, Suite 4000 Toronto, Ontario M5S 2B4 Canada	Residential and commercial painting and decorating franchises / 1990	26 (Canada)
Paul Davis Restoration, Inc., a Florida corporation 7251 Salisbury Road, Suite 6 Jacksonville, FL 32256	Loss mitigation and emergency services for residential and commercial structures / 2009	277 (United States) PDES 20
Paul Davis Restoration, Inc., a Canadian corporation 38 Crockford Boulevard Toronto, Ontario M1R 3C2 Canada	Structural reconstruction and emergency services, including drying, cleaning, loss mitigation and mold remediation, of residential and commercial structures and contents / 2014	63 (Canada)
Pillar To Post Inc., a Delaware corporation 14502 N. Dale Mabry Highway Suite 200 Tampa, FL 33618	Residential inspection services for single family and some various smaller multi-family residences / 1995	381 (United States)
Pillar To Post Inc., a Canadian corporation 5399 Eglinton Ave W Suite 110 Etobicoke, Ontario M5C 5K9 Canada	Residential inspection services for single family and various multi-family homes / 1994	35 (Canada)

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Company/Address	*Type of Business/Year Began Offering Franchises*	*Number of Franchises as of December 31, 2025*
AFFILIATES WHICH MAY FROM TIME TO TIME PROVIDE PRODUCTS OR SERVICES TO THE FRANCHISOR AND/OR ITS FRANCHISEES:		
Tele-Link Services Inc., an Ontario corporation 700 Richmond Street, Suite 416 London, Ontario N6A 5C7 Canada	Answering services and telemarketing and customer survey services for the franchisor and its franchisees	N/A

The following are affiliates that may, from time to time, provide products or services to FCI and/or its Franchisees:

Tele-Link Services. Tele-Link Services is a Canadian company with its principal place of business at 700 Richmond Street, Suite 416, North London, Ontario N6A 5C7 Canada. Tele-Link Services provides evening, weekend, and holiday answering services for FCI and its franchises. Tele-Link also provides certain telemarketing and customer survey services for FCI and its franchises.

Item 2

BUSINESS EXPERIENCE

President, CEO and Director: Thomas W. Wood

Mr. Wood has been the President, CEO and Director of FCI since January 2005.

Treasurer, Secretary and Director: Brian McDonough

Mr. McDonough has served as our treasurer, Secretary and Director since 2021. Mr. McDonough has served as FS Brands, Inc.'s Vice President of Finance since January 2021. Previously, Mr. McDonough was FS Brands, Inc.'s Director of Finance from January 2019 until January 2021. From 2014 until 2019, Mr. McDonough was the Controller at College Pro Painters (US) Ltd. with an address at 35 Pond Park Road, Unite 10, Hingham, MA 02043. Mr. McDonough also serves as a director for various of the affiliates listed in Item 1.

Director: Charles E. Chase

Mr. Chase has been a Director of FCI since August 2, 2010. Mr. Chase also serves as a Director of various affiliates listed in Item 1. He is also the President of FS Brands, Inc. and also serves in the same capacity for our affiliate California Closet Company, Inc.

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Chief Operations Officer: Chad Schloerke

Mr. Schloerke joined FCI in August 2006 as a trainer and operations manager and currently holds the position of Chief Operations Officer.

Chief Information Officer: Ryan Aschauer

Mr. Aschauer has served as our CIO since March 1, 2020, before that he served as Vice President of IT/BI beginning on January 1, 2018. Prior to January 1, 2018, he served as our Vice-President of Marketing/IT, and he previously served as our Consumer Marketing Director starting in 2006.

Chief Financial Officer: Benjamin Pace

Mr. Pace joined FCI in February 2020. Previously, Mr. Pace served as Director of Accounting and Finance at Ballentine from October 2018 to February 2020, and as Chief Financial Officer of Goodman Decorating from June 2014 until October 2018.

Senior Vice President of Operations: Alan Dickherber

Mr. Dickherber joined FCI in April 2015 as the Director of New Franchise Development and served FCI in that capacity until December 2017. In December 2017, he became the Vice President of Operations – New Franchise Development, and in July 2025 became the Senior Vice President of Operations.

Vice President of Franchise Development: Mark Titcomb

Mr. Titcomb joined FCI in September 2017. Previously, Mr. Titcomb served as the Senior Vice President of Sales for Certa ProPainters, Ltd. in Oaks, Pennsylvania from August 2003 to August 2016.

Chief Development Officer: Albert Hermans

Mr. Hermans joined FCI in June 2015 as its Director of Emerging Operations and presently serves its Chief Development Officer.

Vice President of Operations – Tyrone Counts

Mr. Counts joined FCI in September 2025 as our Vice President of Operations. Previously, from February 2023 until October 2025, Mr. Counts served as a franchise business coach and later Vice President at Mr. Electric SPV LLC located in Waco, Texas. From May 2018 until July 2023, Mr. Counts was DFO, LLC's (Denny's Restaurant) Sr. Franchise Operations Director and from January 2021, its Vice President of Operations located in Spartanburg, South Carolina.

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Chief Marketing Officer: Stacey Vogler

Ms. Vogler joined FCI in March 2020. Ms. Vogler previously served as Vice President of Digital Marketing, Consumer eCommerce and eBusiness, Strategy & Product Placement at Assurant Insurance from 2006 until December 2019.

Item 3

LITIGATION

FCI is a party to the following civil actions:

Floorcoverings International, Ltd. v. Tim Justice, No. 1:25-cv-00585 (U.S.D.C. N.D.G.A.). On February 6, 2025, FCI filed an action against its former franchisee Tim Justice asserting claims for breach of the post-term restrictive covenant, trademark infringement, misappropriation of trade secrets, breach of the post-term restrictive covenant, unfair competition, breach of contract, and for the collection of monies owed. The former franchisee filed an answer and asserted a counterclaim against FCI alleging breach of contract and fraud. Tim Justice agreed to a stipulated injunction enjoining his operation of a competing business and to make certain payments to FCI. Upon Justice's failure to comply with his payment obligations, FCI has reopened the action.

Floorcoverings International, Ltd. v. Robert Bae, No. 1:25-cv-0557 (U.S.D.C. N.D.G.A.). On September 29, 2025, FCI filed an action against its former franchisee Robert Bae for collection of monies owed. On November 26, 2025, the former franchisee filed an answer and asserted counterclaims against FCI alleging breach of contract, fraud and deceptive trade practices, and a violation of the California Franchise Investment Act. FCI has filed a motion to dismiss the counterclaims which remains pending before the court. The former franchisee's claims are without merit, and if the counterclaims are not dismissed FCI intends to vigorously defend itself and will zealously pursue its claims against the former franchisee.

During the last fiscal year, FCI initiated four other lawsuits against former franchisees as follows:

Floorcoverings International, Ltd. v. Molock, No. 1:25-cv-02204 (U.S.D.C. N.D.GA.) for breach of the restrictive covenant, violation of trade secret acts, trademark infringement, and damages.

Floorcoverings International, Ltd. v. Lacrosse, No. 1:25-cv-05574 (U.S.D.C. N.D.GA.) for collection of monies owed.

Floorcoverings International, Ltd. v. Hawthorne, No. 1:25-cv-05576 (U.S.D.C. N.D.GA.) for collection of monies owed.

Floorcoverings International, Ltd. v. Thiaw, No. 1:25-cv-05552 (U.S.D.C. N.D.GA.) for

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collection of monies owed.

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

Item 4

BANKRUPTCY

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

Item 5

INITIAL FEES

You must pay an Initial Franchise Fee of $55,000 when you sign the Franchise Agreement. If you choose to enter into an Additional Territory Option Agreement, you must pay the Additional Territory Fee(s) in full when you sign the Additional Territory Option Agreement (the "Additional Territory Fee(s)"). We will not charge an additional fee when you sign additional Franchise Agreements under the Additional Territory Option Agreement. The Additional Territory Fee is equal to $40,000 for each additional territory you have the right to obtain under your Additional Territory Option Agreement.

The Initial Franchise Fee and Additional Territory Fee(s) are fully earned and non-refundable when paid.

If you are a veteran that qualifies for the IFA VetFran Program, we will proudly offer you a ten percent (10%) discount on the Initial Franchise Fee and any Additional Territory Fees.

Besides paying the Initial Franchise Fee and the Additional Territory Fees (if selected), you must buy an Opening Package from us. The standard Opening Package includes one set of mobile and studio carpet and various hard surface flooring samples, laser measuring device, training materials, advertising brochures and materials, public relations start-up campaign, FCI stationery, yard signs, showroom displays and display racks. The cost of the Opening Package ranges from $39,000 to $45,000. In addition, you must purchase two licenses from us for our proprietary software, InspireNet and InspireNet Mobile, at a cost of $7,500, and pay the ongoing Software Access Fee for use of this and other software and technology services (a pre-opening expense of approximately $225 to $400). See Items 6 and 7 for more details as to the costs of the InspireNet, InspireNet Mobile and the Software Access Fee. We reserve the right to change the standard Opening Package from time to time.

The Initial Franchise Fee is payable upon signing the Franchise Agreement, and the Opening Package fee is payable at least thirty (30) days prior to attending training. Such fees are in consideration of the franchise and the territorial rights granted to you under the Franchise Agreement. The Initial Franchise Fee, Additional Territory Fee and Opening Package Fee are not refundable under any circumstances and are deemed fully earned upon execution of the Franchise

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Agreement and Additional Territory Option Agreement, regardless of whether the Franchise Agreement or Additional Territory Option Agreement is subsequently terminated and are not contingent or conditioned on our performance of any pre-opening obligations.

The Initial Franchise Fee includes the initial training program for you and one other person, for a total of two, at our headquarters. We may charge an additional fee for training additional persons. You must pay all fees due us in full when you sign the Franchise Agreement. We may, but are not obligated to, offer financing for the Initial Franchise Fee. (See Item 10 for details). All initial fees are deemed fully earned and non-refundable upon payment. We also reserve the right to implement promotional programs that may result in certain franchisees receiving a discounted Initial Franchise Fee or other benefits.

Item 6

OTHER FEES

Name of Fee (See Note 1)	Amount	Due Date	Remarks
Continuing Royalty Fee (See Note 2)	The greater of 5% of Gross Sales or $833 per month in your first twelve (12) months of operations (whole or partial), $1,250 per month for months thirteen (13) through twenty-four (24) of operations, or $1,667 per month thereafter. (Minimum Royalties).	Must be received by the 9th day of the month after the month in which the Gross Sales were made.	Your first Royalty Fee payment is based on 5% of Gross Sales made during the first (whole or partial) calendar month that your Business is in operation. The Continuing Royalty Fee payable in connection with Commercial Services will be governed by the terms and conditions of the Commercial Services Addendum
Brand Fund Contribution ("Advertising Contribution") (See Note 2)	3% of Gross Sales.	Due monthly and must be received by the 9th day of the month after the month in which the Gross Sales were made.	Your first Brand Fund Contribution is due on Gross Sales made during the first calendar month that your Business is in operation.
Local Advertising (See Note 4)	A minimum of 6% of Gross Sales	Annual – expended over the course of the year	You must expend 6% of your Gross Sales on approved local marketing and promotion in the DMA.
Regional Advertising and Promotional Cooperative ("Cooperative") Contribution	If applicable, the then-current fee as determined by the Cooperative Currently, 2% of Gross Sales	As determined by the Cooperative	We have the right to designate any geographical area for purposes of establishing a Cooperative, and to determine whether a Cooperative is applicable

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Name of Fee (See Note 1)	Amount	Due Date	Remarks
			to your Franchised Business. You must comply with all guidelines and requirements applicable to the Cooperative, as set forth by us or by the Cooperative itself.
Reporting and Accounting Audit Expenses	Cost of audit, including travel, lodging and wage expense, reasonable legal and accounting costs.	Payable only if audit shows greater than 3% variance from reported information.	We may audit your financial records if we feel there is a need. In addition to the audit fee, you also must pay all underpaid or unpaid fees.
Late Fee	$25	Payable only when you are late in making any payment.	Charged if your payment is more than 5 days late. You must also pay 1½% per month interest on past due payments.
Ownership Transfer Fee	$15,000	Due when you transfer a controlling ownership in your license and/or unexpired option rights.	No fee is paid if you transfer ownership to your spouse or child or to a corporation that you control.
Resale Package	If you transfer a controlling ownership interest in your license, the franchised business must have FCI's complete then-current Opening Package at the time of transfer, you will have to obtain such items as may be required to have the contents of a complete Opening Package at the time of transfer ($14,000-$22,000).	Due prior to your transfer of a controlling ownership interest in your license.	
Renewal Fee	$10,000	Due upon renewal	Fee is payable upon renewal of your franchise.
Software Access Fee (See Note 5)	Then-current fee determined by required software licenses and system costs. Currently, monthly software access fees range from $225-$400 per month per user for the core system.	Payable monthly	You must pay a monthly access/maintenance fee for our proprietary software program.

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Name of Fee (See Note 1)	Amount	Due Date	Remarks
Software Annual Maintenance and Upgrade Fee (See Note 5)	$1,000	Payable annually	You must pay an annual maintenance and upgrade fee in connection with our proprietary software program.
Central Telephone Service Fee (See Note 6)	$300- $450	Payable monthly	You must pay your share of the Central Telephone Service.
Product Sample Update Costs	$1,000 - $1,750 annually, per mobile showroom	Due when we introduce new floor covering or window treatment products to our system.	You must maintain a complete set of all programmed carpet, other floor covering and window treatment samples.
Annual Convention	Attendance fee (currently $2,500, plus cost of travel and lodging)	Attendance fee is due upon registration for the convention.	You must attend our annual convention each year.
Commercial Services Fee and Commercial Services Training	FCI does not currently charge its franchisees a fee to become Commercial Services Qualified or to attend Commercial Services Training but reserves the right to do so in the future.	N/A	N/A

Notes:

(1) All fees are imposed by and payable to FCI. All fees are non-refundable.

(2) FCI may require payment of the Continuing Royalty Fee and Brand Fund Contribution by direct bank transfer, in which case you must sign appropriate transfer authorizations and maintain a sufficient balance in your bank account to allow direct transfers. The minimum Continuing Royalty Fee is modified during the term of the Additional Territory Option Agreement to match the number of options you obtained under the Additional Territory Option Agreement, such that the minimum Continuing Royalty Fee required each month is multiplied by the number of options. If an option is not exercised, the minimum Continuing Royalty Fee in this Agreement is modified to reflect the number of Franchise Agreements that were executed under the Additional Territory Option Agreement. The minimum Continuing Royalty Fee for all options set forth herein begins on the date that the first Franchised Business commenced operations.

(3) "Gross Sales" means the total of sales invoices or other items billed to the customer for all "Completed Sales" (sales of products and services for which payment is made or one month after products/services sold to the customer), less any discounts, cancellations or returns allowed.

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(4) In addition to the Brand Fund Contribution and the initial advertising obligation, you are required to spend a minimum amount equal to six percent (6%) of Gross Sales on approved local marketing and promotion in the DMA. On or before January 31 of each year, you must provide FCI with itemization and proof of advertising and an accounting of the monies that you have spent for approved local advertising for the preceding calendar year (January through December). If you do not spend the minimum 6% amount, you shall pay to FCI any balance between the 6% required amount and what you actually spent during the year. This payment is due on or before January 31, and FCI may spend the monies in any way it desires.

(5) You must use our proprietary software program and sign the System Access Agreement attached as Exhibit C to this disclosure document. You must pay a monthly access/maintenance fee and an annual upgrade fee.

(6) We have set up a central telephone service where each franchisee will be required to pay their share of the central telephone service, including phone charges, listings, general advertising and clerical costs for taking and delivering messages.

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Item 7

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

A. FRANCHISE AGREEMENT

Expenditures (See Note 1)	Standard Fee	Method of Payment	When Payable	To Whom Payment is Made
INITIAL FRANCHISE FEE (See Note 2)	An Initial Franchisee Fee of $55,000.	Lump Sum or Installment (See Note 3)	When you sign the Franchise Agreement	FCI
INSPIRENET / INSPIRENET MOBILE SOFTWARE	$7,500	Lump Sum	30 days prior to training	FCI
SOFTWARE ACCESS FEE (2 Months)	$450 - $800	Lump Sum	Monthly upon signing Franchise Agreement	FCI
TRAINING RELATED EXPENSES	$5,000 - $7,000	Varies	As incurred	Various third parties
OPENING PACKAGE (See Note 4)	$39,000 - $45,000	Lump Sum	30 days prior to training	FCI and third parties
PERSONNEL/STAFFING (See Note 5)	$2,500 - $5,000	As Agreed	As Agreed	Employees
INITIAL ADVERTISING EXPENSES (See Note 6)	$40,000 - $60,000	Varies	Within 4 Months after training	Various third parties
INSURANCE Liability/Vehicle/ Cyber (See Note	$2,150 - $7,500/yr	Installment or Lump Sum	As incurred	Your Insurance Carrier.

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Expenditures (See Note 1)	Standard Fee	Method of Payment	When Payable	To Whom Payment is Made
MISCELLANEOUS OPENING COSTS (See Note 8)	$2,000 - $5,000	Varies	As incurred	Business Licences, utilities, phone,
FCI Vehicle (See Note 9)	$5,000 - $10,000	Lump sum, finance or lease	According to purchase option	Our designated suppliers or third parties
OFFICE EQUIPMENT (See Note 10)	$2,000 - $5,000	Lump Sum	As incurred	Third party
REAL ESTATE AND IMPROVEMENTS (See Note 11)	$5,000 - $8,500	Varies	As incurred	Various third parties
ADDITIONAL STARTUP FUNDS – 6 months (See Note 12)	$35,000 - $65,000	As incurred	As incurred	Supplies, utilities, etc.
TOTAL (See Note 13)	**$200,600 - $281,300**			

Notes:

(1) These investment requirements do not contemplate your ongoing living expenses. All fees that you pay to us are nonrefundable. All amounts are in US$. Third-party lessors, contractors and suppliers will decide if payments to them are refundable.

(2) The Initial Franchise Fee is $55,000.

(3) See Item 10 (Financing) for details. We do not offer to finance any other part of your initial investment.

(4) See Item 5 for the contents of the Opening Package, the fee for which is paid prior to attending training.

(5) The lower range assumes that you do not hire any additional employees. The higher range assumes that you hire an employee prior to or upon opening your business, such as an office manager. If you choose to start your business with additional staff, your costs could be higher.

(6) You must spend at least $40,000 but may be required to spend up to $60,000 based on the size of your DMA and your business plan, in FCI-approved local advertising within 6 months following training.

(7) Insurance coverage quoted is not available in Alaska or Hawaii and is based on one

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vehicle and no more than two employees. We will provide plan requirements. Rates in California, Florida and Texas may exceed estimated coverage costs.

(8) These costs include accounting and legal fees, business license fees, expenses for connecting a DSL (or equivalent high-speed) internet connection and two telephone lines, and other miscellaneous utility hook-up fees.

(9) You must operate service vehicles with the required FCI logos and markings, and such vehicle must be the model specified or otherwise approved by FCI. The minimum estimated amount is for the first vehicle and assumes that you lease the FCI vehicle. We do not guarantee that you will qualify for any lease, credit card approval or financing arrangements. Your total investment will depend on your vehicle lease arrangements and the costs will be higher if you choose to purchase a vehicle instead. Your vehicle will be customized by designated custom outfitters of FCI whose services include wrapping and installation of the interior racking system. See Item 8 for further details.

(10) We will provide you with the Opening Package (see note 4 above). You will need to purchase certain items locally, including a laptop computer and software, tablet device, required software, printer/copier/fax machine, and a credit card authorization machine (see Item 11).

(11) We require our franchisees to establish an office/warehouse (referred to as a "Studio").

(12) This amount estimates the expenses you will incur during the first 6 months of operations, including taxes, and office, paper and cleaning supplies. In addition, these expenses assume you pay the minimum monthly Advertising Contribution and Continuing Royalty Fees, and do not suggest or imply that you will generate any specific level of sales. These expenses assume you directly operate the Franchised Business and do not include payroll costs. This estimate for additional funds is based on our years of experience in this business, as well as information we receive from our franchisees.

(13) This total is an estimate of your initial investment and is based on our estimate of average costs and prevailing market conditions. You should review this amount carefully with a business advisor before deciding to purchase the franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses starting your business.

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B. ADDITIONAL TERRITORY OPTION AGREEMENT

Expenditures (See Note 1)	Standard Fee	Method of Payment	When Payable	To Whom Payment is Made
ADDITIONAL TERRITORY FEE (See Note 2)	$40,000 Additional Territory Fee for each option to acquire additional territory.	Lump Sum	When you sign the Additional Territory Option Agreement	FCI
TOTAL INVESTMENT FOR THE FIRST FRANCHISED BUSINESS (see Note 3)	$200,600 - $281,300	See Chart 7(A) above.	See Chart 7(A) above.	See Chart 7(A) above.
ADDITIONAL STARTUP FUNDS – 6 months (see Note 4)	$35,000 – 65,000	As incurred	As incurred	Supplies, utilities, etc.
ACCELERATED STAFFING – 6 to 12 months (see Note 5)	$0 - $100,000	As incurred	As incurred	Various third parties
TOTAL (see Note 6)	$275,600 - $486,000			

Notes:

(1) All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

(2) The Additional Territory Fee is described in detail in Item 5 of this Disclosure Document. You will not be required to pay an Initial Franchise Fee upon signing a Franchise Agreement for each Franchised Business developed under an Additional Territory Option

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Agreement. The low range is for one additional territory, and the high range reflects options on two additional territories.

(3) This figure represents the total estimated initial investment required to open the first Franchised Business under your first Franchise Agreement (see the Single Unit estimated initial investment in Item 7(A) chart above for additional details).

(4) The lower range is the estimated additional initial working capital you will need to operate the second Franchised Business, and the higher range is the estimated additional initial working capital you will need to operate a third Franchised Business.

(5) The high end of this estimate represents overhead costs associated with accelerating the hiring process.

(6) This is the total estimated initial investment to open and commence operating your initial Franchised Business (as described in the Chart in Item 7 (A) above) and to enter into Additional Territory Option Agreement. The lower range reflects the low range for an option to develop one additional Franchised Business and the higher range reflects the high range for an option to develop two additional Franchised Businesses.

Item 8

RESTRICTIONS AND SOURCES OF PRODUCTS AND SERVICES

You must buy your supplies, flooring product and equipment that you use in the Franchised Business from us or an approved supplier. The complete list of all approved suppliers is given to you in training and is contained in our Operations Manual. No officer of FCI owns an interest in any approved suppliers. See Item 1 of this disclosure document for more details about our affiliates.

Product. We have negotiated purchase arrangements with our approved carpeting/broadloom, hardwood, resilient flooring, tile, and luxury vinyl suppliers who have agreed to sell their products directly to you. We have made arrangements with vinyl, hardwood and laminate flooring suppliers for you to buy their products through their distributors. We provide certain administrative, marketing, technical and advisory services and data to these suppliers for which we may receive merchandising allowances of 0% to 6% for some of the products you purchase. The purchase of floor covering products will represent 20% to 45% of your overall purchases in operating the Franchised Business.

Supplies and Samples. FCI derives revenue from the sale of supplies, samples, and miscellaneous products to franchisees. The cost of these supplies and equipment represents 10% to 25% of your total purchases in establishing your franchise. The purchase of supplies and samples from FCI or other suppliers will represent 1% to 10% of your overall purchases in operating the Franchised Business.

FCI has the right to establish designated and approved suppliers for other products and

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services offered in connection with the Franchised Business. Currently, FCI is the only supplier for the Opening Package described in Items 5 and 7 above. If you wish to purchase any item for which FCI has established approved suppliers from an unapproved supplier, you must make a written request to FCI and furnish to FCI any information it may reasonably need to evaluate the proposed supplier. FCI will make a good faith effort to notify you of its approval within 15 days of receiving such information. FCI's failure to approve a supplier within this 15-day period will constitute disapproval of the proposed supplier. FCI has the right to revoke approval of an item which no longer meets its criteria or does not serve the needs of the franchise network as a whole. Currently, there are no fees in connection with securing supplier approval.

To maintain the high quality and uniformity of System services and products, and to enhance the Franchised Business' image, FCI has established standards and specifications for other products, services, fixtures and equipment. Standards and specifications are provided to franchisees by way of amendments to the Operations Manual or otherwise in writing. FCI does not issue its standards and specifications to approved suppliers. In some cases, FCI may specify particular brand names and model numbers (*e.g.,* for equipment). Items for which FCI has issued specifications may be purchased from any supplier who sells the items meeting the specifications. If you want to revise a specification or add a new item, FCI will consider the request, but is not obligated to make a change. FCI has the right to add or revise categories of items, which are subject to requirements or restrictions on purchases, and may also modify its specifications in its discretion. FCI reserves the right to specify all items utilized in the operation of the Franchised Business.

As of our fiscal year ended December 31, 2025, we derived $8,847,826 or 27% of our total revenue of $32,818,297 from required purchases and leases.

You must procure and maintain insurance policies meeting our minimum coverage requirements. We currently require the following insurance policies (i) commercial vehicle, and comprehensive general liability insurance in the amount of $1,000,000 each with respect to your Franchised Business' operations; (ii) workers' compensation insurance coverage for all employees in accordance with applicable state law requirements; and (iii) cyber Insurance, including with limits of not less than $1 million per occurrence and $2 million in aggregate. Each policy shall provide a separate endorsement naming FCI, and its designee(s) as additional named insureds; shall provide that the policy is primary over the coverage of FCI; cannot be canceled without 30 days prior written notice to FCI; and shall insure your contractual liability. Any failure to have the appropriate insurance shall be considered a material breach of the Franchise Agreement. While Zinc and ADP are our suggested insurance carriers, you may arrange insurance with any carrier as long as the insurance carrier is licensed in the state or province in which your Franchised Business is located and carries a rating of A+ or better by A.M. Best Co.

We have negotiated volume rebates with several carpet mills and other flooring manufacturers under a "Franchise Product Rebate Program." In 2025, Shaw paid a rebate of 0-5% of purchases; Mohawk a rebate of 0-4%, Daltile a rebate of 0-4%; AHF a rebate of 0-5%; and other suppliers paid a rebate between 0-5%. We also receive rebates from certain marketing suppliers. In 2025, El Toro paid a rebate of 10%, Oneupweb a rebate of 10%, expressdocs a rebate of 5-10%, and Social Made Simple a rebate of 10%. We may, from time to time, share with franchisees who are in good standing

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under their franchise agreements and who provide all necessary information the product rebate that we have negotiated with manufacturers under this program. You may receive some benefit from dealing with other suggested suppliers simply because of the volume of business they do with our franchisees, since they may offer better prices than other suppliers. Except as discussed above, we do not provide other material benefits to you based on your use of our designated or suggested suppliers.

FCI reserves the right to formulate and modify our standards and specifications for operating a Franchised Business. This includes requiring that you take all steps, including but not limited to those related to visibility and management of your Franchised Business that are necessary to ensure that your Franchised Business is compliant with all data privacy and security laws and Payment Card Industry Data Security Standards (PCI DSS) requirements, as such standards may be revised and modified by the PCI Security Standards Council (see pcisecuritystandards.org), or such successor organization or standards that we may reasonably specify. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the franchise, including standards and specifications for approved services and products, equipment, signs, furnishings, supplies, fixtures, inventory, computer systems (hardware, software, applications, data network and internet connection minimum bandwidth capacities), privacy policies, encryption requirements, data and IT security policies - including implementation of phishing and other security awareness programs and training, cyber incident notification requirements, and Artificial Intelligence policies by written notice to you or through changes in the Operations Manual. We may issue our standards or specifications for goods and services, and changes to those standards and specifications, in writing directly to you or our approved supplier. You may incur an increased cost to comply with these changes at your own expense.

You must have an e-mail address, a personal laptop computer to maintain access to the Internet and our FCI intranet ("FCI Floor-1-1"), and a portable printer. You may purchase the computer and hardware accessories from any of a number of computer equipment suppliers. You must also obtain two licenses for our proprietary software, InspireNet and InspireNet Mobile. You are also required to maintain high speed (DSL or equivalent) internet service from an internet service provider, together with an internet browser and a Floorcoveringsinternational.com e-mail address (provided to you) to communicate with FCI, customers and third-party vendors. If we change the minimum requirements for computer hardware or software, you must upgrade your system to meet those new requirements. (Franchise Agreement, Article V, S). Please see Item 11 of this disclosure document for more information regarding our computer hardware/software requirements.

Item 9

FRANCHISEE'S OBLIGATIONS

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

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Obligation	Article in Franchise Agreement	Section if Additional Territory Option	Item in Disclosure Document
a. Site Selection and acquisition/lease	Articles I, IV(A) and V(H)	Not Applicable	Items 5, 11, 12
b. Pre-opening purchases/leases	Articles III(F); III(G); V(D); V(E); V(S)	Not Applicable	Items 5, 7, 8
c. Site development and other pre-opening requirements.	Articles V(H)	Not Applicable	Items 7, 8, 12
d. Initial and ongoing training	Articles IV(B); IV(E); V(J)	Not Applicable	Item 11
e. Opening	Articles III(F); IV(A); IV(B); V(C); V(D)	Section 1.3 and 2.1	Item 11
f. Fees	Articles III; IV(B); V(N); V(S); V(T); VII(B)(2)	Section 1.1	Items 5, 6, 7, 10,
g. Compliance with standards and policies/Operating Manual	Articles V(F); V(K); V(L); V(O); V(M); V(N); VII(A)	Not Applicable	Items 8, 11, 12, 16, 17
h. Trademarks and proprietary information	Articles V(B); X(A)(1).	Not Applicable	Items 13, 14
i. Restrictions on product/services offered	Article I(B); V(K); V(L)	Not Applicable	Items 8, 16, 17
j. Warranty and customer service requirements	Article V(F)	Not Applicable	None
k. Territorial development and sales quotas	Article V(M)	Section 1.3 and 2.1	Item 12
l. Ongoing products/services purchases	Article V(K)	Not Applicable	Items 8, 17
m. Maintenance, appearance and remodeling requirements	Article V(L); V(E)	Not Applicable	Item 12
n. Insurance	Article V(N)	Not Applicable	Items 7, 8
o. Advertising	Articles III(C); IV(H); V(B); V(C); V(D)	Not Applicable	Items 6, 11
p. Indemnification	Article XI	Not Applicable	None
q. Owner's participation/management/staffing	Article V(P)	Not Applicable	Item 15
r. Records/Reports	Article VII	Not Applicable	Item 6, 17
s. Inspections/audits	Articles VII(B) and X(B)	Not Applicable	Item 6, 17
t. Transfer	Article VIII	Section 3.1	Item 17
u. Renewal	Article II(B)	Not Applicable	Item 17
v. Post-term obligations	Article X	Not Applicable	Item 17
w. Noncompetition covenants	Article VI; Nondisclosure and Noncompetition Agreement.	Not Applicable	Item 17
x. Dispute resolution	Article XII	Section 4	Item 17

Item 10

FINANCING

We may, at our option, but under no circumstances are we obligated to, finance a portion of your Initial Franchise Fee, up to a maximum of $20,000. You must sign a promissory note, and if the franchisee is a corporation, you must personally guarantee the obligations of the corporation,

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including any notes. The Personal Guarantee of Corporate Obligations is included in this disclosure document as Exhibit A-2.

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

Amount Financed:	Variable.
Down Payment:	Varies depending on franchise option selected
Term:	3 years.
APR%:	8%
Monthly Payment:	Variable.
Prepayment Penalty:	None.
Security Required:	Personal guarantee of corporate obligations/spousal guarantee.
Liability Upon Default:	If default is not cured, the note becomes due in full, and you must pay collection fees we incur.
Loss of Legal Right Upon Default:	If default is not cured, we may terminate your franchise agreement.
Waiver of Legal Rights:	You must waive presentment for payment, demand, protest and notice of demand, protest and nonpayment of the note.

The detailed terms of financing are listed in the Promissory Note (Exhibit B in this disclosure document). We have no policy or intent to sell, assign or discount to a third party any note, contract or any other franchisee obligation in whole or in part. We do not receive any payments from lenders under these arrangements.

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

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Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Our Pre-Opening Obligations. Before you start operating your business, FCI will provide you with the following. Except as listed below, FCI is not required to provide you with any assistance.

1. Designated Marketing Area (DMA). When you select a proposed DMA, we will let you know if the proposed DMA is available and will provide you with the number of single-family dwellings located in your proposed DMA, as well whether there are other FCI franchisees near your proposed DMA. When you sign the Franchise Agreement, we grant you a protected License to a geographical territory as your marketing area or DMA. Your DMA corresponds to one (or more) contiguous postal codes. (Franchise Agreement, Articles I and IV, A.)

2. Opening Package. We will provide you with your Opening Package during training. The contents of this package are listed in Item 5. (Franchise Agreement, Article IV, D.). The fee for this package must be paid prior to attending training.

3. Operations Manual. In training, we lend you or allow you to access a variety of current FCI manuals for your use as long as you are a franchisee and we will update the information in the manuals as necessary. (Franchise Agreement, Article IV, C.).

4. Training. We provide training for the people who will be involved in operating your business. We provide training for two people and will train others for an additional fee (see Item 6). The cost of this training is included in your Initial Franchise Fee. You must pay for travel, lodging, meals and expenses related to coming to training. (Franchise Agreement, Article IV, B.) Your training will consist of a 6-week home study course, a two week in-person training course just prior to your business opening, followed by an additional one week in-person training course 90 days post opening. A third in-person 3-day leadership training course is required at the time you employ your first Design Associate. You will also be required to attend an in-person 3-day peer group training program approximately 9 months after commencing operation of your business. All in-person training will take place at FCI headquarters in suburban Atlanta or virtually as we may determine from time to time. All employees, partners or agents of yours who will provide Franchised Products and Services must attend and satisfactorily complete training. (Franchise Agreement Article V, J.1.) We generally offer 6-8 training classes each year. We encourage you to attend training as quickly as possible after you have completed your home study course. You cannot provide any Franchised Products or Services until you successfully complete training.

Grant Carter supervises our initial training program. Mr. Carter has 3 years of experience with FCI specifically with its start-up franchise program. All in-person training is conducted in a classroom or virtual classroom environment as we determine from time to time, and all training must be completed to our satisfaction. The following is a schedule of subjects covered in the FCI Academy training program. Training, Marketing and Operation Manuals are provided as

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instructional material.

TRAINING PROGRAM

Business Area	Topics included (but not limited to)	Live Hours (virtual or in person)	On-line Learning Hours
Business Management	- Leadership - Recruiting, onboarding, training, coaching, and retaining staff - Goal Setting and Review - Leading your team	30	8
Marketing	- Local marketing - B2B2C marketing - Digital marketing - Lead aggregators - Social Media marketing	20	8
Sales	- Proprietary Inspired Sales System - Customer Service - Measuring / Estimating	30	16
Production Management	- Installer management - Scheduling production jobs - Ordering from suppliers	4	4
Product Knowledge	Includes product knowledge, installation knowledge, and selling points for flooring types including: - Carpet - Carpet materials, fiber types, manufacturing methods - Hardwood - Hardwood species, textures, hardness - Tile - Laminate - Luxury Vinyl Plank - Sheet Vinyl - Area Rugs	40	16
Administration	- Office Procedures - Financial management - QuickBooks - Job costing	12	4
Technology	- Salesforce - Inspirenet Mobile	16	6

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Business Area	Topics included (but not limited to)	Live Hours (virtual or in person)	On-line Learning Hours
	Total Hours	**152**	**62**

5. Marketing Materials. We make available marketing materials including marketing literature, color charts, reference letters, brochures, stationery, other media proofs and direct sales aids to assist you in your Franchised Business. These materials are FCI's property. We will update and modify information as needed. (Franchise Agreement, Article IV, F.) If you want to use advertising materials that you develop, you must submit them to us for approval before using them. (Franchise Agreement, Article V, D).

On-Going Obligations. While you are operating your business, FCI will provide you with the following. Except as listed below, we are not contractually bound to provide any assistance to you.

1. Operations Manual. We will provide you with a copy of our confidential Operations Manual. Portions of our manual are printed while others are available on our online library. Currently our printed and online operations manual referred to as the New Franchise Development Program (NFDP) Playbook covers but is not limited to the following subjects: bookkeeping, business planning, business structure, financial management, inspired sale, installer hiring and resources, leadership and management, marketing playbook, new franchisee startup program, office manager hiring and training resources, operating systems and standards, production, "Recruit, Onboard, Train, Operate, Retain" (ROTOR) playbook, sample management, studio and warehouse requirements and best practices. You will be permitted to review the Operations Manual prior to purchasing a franchise.

We also will provide you with a confidential online Marketing Manual. The current Marketing Manual covers but is not limited to the following subjects: developing a marketing plan, word of mouth network marketing, home shows, realtor marketing program, restoration marketing program, B2B2C marketing program, designer program, commercial services, target marketing, media advertising, company identity program and misc. marketing ideas.

We also will provide you with printed and online training and documentation for use with our proprietary software system. The current IT online training and documentation covers some of the following: creating a new customer, creating calendar entries, designing a room, free form design, using product catalog, do it yourself room design, creating an estimate, creating a proposal, and viewing reports.

2. Ongoing Training. In addition to the post-opening training described elsewhere in this Item, we will also make available further training for the Franchised Products and Services which will either be provided in a classroom/workshop environment or via

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video tapes. We also will provide training for any new Franchised Products and Services we introduce. You must pay for any travel and daily living expenses for this extra training. We may charge a reasonable fee for this additional training to offset our costs. (Franchise Agreement, Article IV, E).

3. Operations and Marketing Updates. We will, from time to time, update information and revise operations and marketing materials as new and improved products, methods, systems, and procedures are adopted for use in the FCI System. (Franchise Agreement, Article IV, F).

4. Approved Suppliers. We will provide approved suppliers and vendors of products, equipment, supplies and services for use and resale in connection with the operation of the Business. (Franchise Agreement, Article IV, G).

5. Advertising Approval. FCI shall review all advertising materials submitted by you and shall approve or deny use of such advertising materials at FCI's sole discretion. (Franchise Agreement, Article IV, H).

Brand Funds. We may spend funds in the Brand Fund ("Brand Fund"), at our discretion, for any activities intended to build the strength of the FCI brand, including national, regional, or local media or other market techniques or programs designed to communicate the services of franchisees to the public, as well as on technology or other programs that improve the quality of the services provided to FCI customers. In addition, we may spend funds in the Brand Fund on market research and development, public relations programs, test or target marketing, the conducting of surveys, brand development and promotion, consulting and other related services to train franchisees on marketing or other brand-building techniques, creative and production costs, merchandising and merchandising program development, development and implementation of new technology, reimbursement to us for reasonable accounting, administrative (including the actual cost of salaries and benefits paid to our employees engaged in administration of the Brand Fund), and legal expenses associated with the Brand Fund, or for other purposes deemed appropriate by us to enhance and promote the general recognition of the FCI System and marks. We will determine and budget the specific use of the Brand Fund. We do not currently have any company or affiliate-owned businesses to contribute to the Brand Fund, but if we establish any affiliate-owned businesses they will contribute to the Brand Fund on the same terms as our franchisees. We have created a franchisee advisory council comprised of franchisees to provide us with feedback regarding System changes. Members of the council are nominated by franchisees and approved by us. The council serves in an advisory capacity only, and we have the power to form, change, or dissolve the council. We are not obligated to spend Brand Fund dollars in any specific territory (national, regional or local) and contributions you make will not necessarily mean that Brand Fund advertising will influence your DMA. (Franchise Agreement, Article III, D). The Brand Fund is not audited but financial information about the Brand Fund is available annually, and we will provide it to you or make it available to you upon written request. Our accounting and marketing departments administer the Brand Fund. In 2025, we spent 44% of Brand Fund contributions on production, 8% on advertisement placement with Cooperatives, 18% on salaries, 6% on administrative expenses, 7% on Salesforce Mobile and tablet; 3% on Inspired Sales training and

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development; and 14% on other expenses, including technology services, public relations, professional services, and brand development projects, any balance was carried forward (percentages may total more than 100% if the Brand Fund spent surplus from the prior year). None of the Brand Fund is spent on advertising the sale of franchises. In the event any funds are not allocated at the end of a year, they will remain in the Brand Fund and will be used for the purposes described above. Franchisees contribute 3% of Gross Sales (the Brand Contribution) to the Brand Fund. (Franchise Agreement, Article III, C). Items 6 and 8 of this disclosure document contain other information about advertising. We will provide you with sample ad slicks and you cannot use any advertising or promotional materials unless we approve them. If you want to use advertising materials that you develop, you must submit them to us for approval. (Franchise Agreement, V, D.) You may be required to become part of a central telephone service which will include shared telephone advertising costs, if the number of Licenses in a given area require it. (Franchise Agreement, Article V, O.)

Local Advertising. You are required to spend a minimum amount equal to 6% of Gross Sales on approved local marketing and promotion in your DMA. On or before January 31 of each year, you must provide us with itemization and proof of advertising and an accounting of the monies that you have spent for approved local advertising for the preceding calendar year (January through December). If you do not spend the minimum 6% amount, you shall pay to us any balance between the 6% required amount and what you actually spent during the year. In addition, you must spend at least $40,000 but may be required to spend up to $60,000 based on the size of your DMA and your business plan, in FCI approved local advertising within 6 months following training.

Additionally, we have the right to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to your Franchised Business. You must comply with all guidelines and requirements applicable to the Cooperative, as set forth by us or by the Cooperative itself. (Franchise Agreement, Article V, D.) Once your Franchised Business opens, you must participate in the Cooperative established for your DMA. The Cooperatives are governed by written agreements and are available for review. The Cooperatives are not required by FCI to prepare annual or periodic financial statements. FCI may require a Cooperative to be formed, changed, dissolved, or merged.

Computer System. You must have a personal Windows-based computer to maintain access to the Internet, our InspireNet software and FCI Floor-1-1, and you must maintain an e-mail address. You will need computer hardware and software which meets the following minimum requirements:

A. A Windows-based personal computer or laptop, to maintain access to the Internet and FCI's Intranet, and for use with your required software (described below). You must also purchase a mobile printer and a color printer for your office. You may purchase the computer and hardware accessories from any of a number of computer equipment suppliers.

B. At least one (1) tablet compatible with the InspireNet Mobile software.

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C. You must obtain licenses for our proprietary InspireNet and InspireNet Mobile software, as well as a license for the current version of QuickBooks.

D. High speed (DSL or equivalent) internet service from an internet service provider, together with an internet browser and an e-mail address to communicate with FCI, customers and third-party vendors. You may use any high-speed internet service provider.

We estimate the cost to purchase the computer equipment to range between $2,000 and $10,000. You must also obtain licenses for our proprietary software InspireNet and InspireNet Mobile (see Item 7 and Item 5 for more information as to costs). There is a monthly software access fee and an annual software upgrade fee (see Item 6 for more information on these costs). If we change the minimum requirements for computer hardware or software, you must upgrade your system to meet those new requirements. (Franchise Agreement, Article V, S). There are no contractual limitations on the frequency and cost of this requirement. We currently do not have independent access to operational and financial information produced by your computer system, but we may obtain access to this information in the future. We recommend that you use QuickBooks® Pro to track the finances of your business.

Optional Services. We currently provide the following optional services, although we are not obligated to do so under the Franchise Agreement:

Toll Free Help Line. Our Franchise Support Department currently provides and maintains a telephone inquiry line for technical advice, product information, marketing assistance, and other information as franchisees may request in the day-to-day operation of the Franchised Business. This telephone service is free throughout the continental United States and Canada.

Convention. We have an annual convention of franchisees, which you are required to attend. We may charge a reasonable fee and you will pay for your own lodging, meals and transportation to and from location.

Communications. FCI Floor-1-1 is an intranet communication system that provides online information to our franchise system. This information assists each franchisee in operating their business. Examples of information provided on the FCI Floor-1-1: weekly newsletter, price lists, product updates, FCI manuals, operational forms, marketing support programs and training event calendar. FCI Floor-1-1 also allows each franchisee to participate in "forum discussions" and communicate with FCI and other franchisees via an internal e-mail system.

Site Selection. We require our franchisees to establish a Studio location (office/warehouse). You are solely responsible for selecting a site for your Studio. You must maintain your Studio at a location within your DMA that is approved by us, which approval will be based on your demonstration that the site contains sufficient space to maintain the Studio requirements. You should obtain site approval prior to attending training. We have the right to review, evaluate and approve proposed leases for your Studio prior to execution of the lease. You must deliver to

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us an executed copy of the lease within 15 calendar days of execution of the Lease. Neither our review of the lease nor our acceptance of the site that you have selected for your Studio constitutes a representation or guarantee that you will succeed at the selected Studio or an expression of our opinion regarding the terms of the lease. Your failure to obtain an appropriate Studio within 60 days of the execution of the Franchise Agreement is considered a breach of the Franchise Agreement and may give rise to termination of the Franchise Agreement by us.

Development Time. Typically, you will be in business as soon as you finish the home study course and successfully complete your FCI Academy training program at our headquarters. Most of our franchisees complete training and are in business within several weeks of signing their franchise agreement. If you enter into an Additional Territory Option Agreement, you must follow the time periods for opening set forth in your Additional Territory Option Agreement.

Item 12

TERRITORY

Franchise Agreement

When you sign the Franchise Agreement, we grant you a protected License for a Designated Market Area (DMA) which corresponds to one or more postal codes and will contain between 50,000 and 80,000 single family dwellings. You may participate in selecting contiguous zip codes to make up the DMA for your License. If the zip codes are not already licensed, and upon FCI's approval, you may purchase the License. You have certain protected rights within the DMA, subject to the terms set forth below, insofar as FCI may not award other Licenses in your DMA and may not operate a company-owned License in your DMA. FCI retains the right to establish itself, or to grant to others the right to establish, FCI businesses outside of your DMA.

So long as you are in compliance with your Franchise Agreement you may advertise, solicit for or provide Franchised Products and Services outside your DMA (but not within another franchisee's DMA) as long as such solicitation and marketing activity is in accordance with FCI's then current standards and procedures. Except as set forth below, you may not advertise or solicit within another franchisee's DMA in any manner including, via targeted online marketing, mailing campaigns, doorhangers, B2B2C marketing and participation in a networking group. You may participate in a home show or networking event located within another franchisee's DMA, however any leads generated by participation in a home show or networking event outside of your DMA must be referred to the franchisee, if any, that has rights to the DMA within which the lead resides. Any home show or networking lead in an open DMA may be serviced by any franchisee participating in the home show or networking event.

Subject to your compliance with the foregoing restriction on advertising and solicitations, you may service clients outside of your DMA, including those located within another franchisee's DMA. FCI reserves the right to revise these standards and procedures from time to time in its sole discretion, and any such changes will be incorporated in the Operations Manual.

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FCI also has the right to distribute products using the Proprietary Marks in your DMA in the manner and through other channels of distribution as FCI determines in its sole discretion. These alternative channels of distribution may include home improvement stores, hardware stores, home shows, the internet or mail order. FCI has the sole right as to any distribution arrangements relating to these channels. You have no right: (i) to distribute products through such alternative channels of distribution; or (ii) to share in the distribution proceeds received by any party. In addition, FCI has the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services to any business which owns, manages, controls or otherwise has responsibility for buildings or common services in more than 10 locations whose presence is not confined within any one franchisee's designated territory (a "National Account"). After FCI signs a contract with a National Account, FCI may, at its option, provide you the opportunity to perform the services under the National Account contract. Qualified franchisees must enter into FCI's then-current form of National Account Lead Referral Program Participation Agreement to receive leads from FCI and provide services to National Account customers. If FCI chooses, or if you choose not to provide services to the National Account, FCI may provide the services directly itself, through its affiliate, or through another franchisee or third-party even if the job site is within your DMA without compensation to you. Notwithstanding any restrictions on advertising and soliciting within another franchisee's DMA, you may solicit leads from referral sources that constitute National Accounts as defined above and perform work referred thereby, regardless of where such work is performed.

Further, FCI may offer qualified existing franchisees the right to perform Commercial Services, and any other flooring services not specifically identified as Residential Services above, including but not limited to any business or other commercial building, hotel or academic institution, upon the payment of a one-time, non- refundable Commercial Services Licensing Fee, signing our Commercial Services Addendum, and the completion of our Commercial Training Program and such other conditions as we may require. FCI franchisees operating a commercial services franchise are permitted to offer, sell and perform their Commercial Services in the DMA without compensation to you.

Until you become qualified to perform Commercial Services, you shall have no right to Commercial Services contracts, or any other product or service not specifically defined as Residential Services, within the DMA and FCI or FCI Commercial Services Qualified franchisees may perform Commercial Services contracts within the DMA using FCI's Proprietary Marks. Except as set forth above with respect to certain Residential Services, you acknowledge that FCI may offer and perform, or license other franchisees the right to offer and perform, any approved products and/or services at any location within or outside the DMA under the Proprietary Marks, including but not limited to National Accounts, Commercial Services and any other non- Residential Services or unsolicited Residential Services. For this reason, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

From time to time, FCI may establish certain programs for the benefit of its franchisees and the FCI System whereby FCI franchisees will be permitted to offer, sell and perform certain

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flooring services in accordance with the specifications described in any particular program established by FCI ("Program Services"). Franchisee's participation in any particular program will be subject to the terms and conditions of such program.

To keep your DMA, you must comply with the terms of the Franchise Agreement and satisfy the performance criteria described in Article V.M. You must achieve minimum "Gross Sales" of: $200,000 during the first twelve (12) full or partial months of operation; $300,000 during months thirteen (13) through twenty-four (24) of operations; $400,000 in months twenty-five (25) through thirty-six (36) of operations; and grow by $100,000 or 10% each year thereafter, whichever is greater. The performance criteria in any form of renewal franchise agreement will be based on your previous obligations and do not reset to $200,000.

Your territorial rights within the DMA, and your Franchise Agreement, may be terminated if you do not achieve the performance criteria or otherwise breach the terms of the Franchise Agreement. You may relocate your office to a new approved location within the DMA, at your expense, if you lose the right to possess the premises through no fault of your own, or if the office is destroyed by vandalism, fire or act of God. FCI will approve the new site if it meets FCI's site selection criteria. You have no right to relocate the office without FCI's prior written consent.

The Franchise Agreement does not give you a right of first refusal or any other right to buy additional Licenses in postal codes contiguous to your DMA, but you may enter into an Additional Territory Option Agreement.

Additional Territory Option Agreement

We grant Additional Territory Option Agreements for the right to own and operate multiple Franchised Businesses in an exclusive designated area ("Option Area") according to a mandatory development schedule. The geographic size of the Option Area(s) will depend upon the number of Franchised Businesses you and we agree to open. The Option Area(s) will constitute a protected DMA during the term of the Additional Territory Option Agreement, further, you will be provided a DMA per the terms of each Franchise Agreement you sign as set forth herein. If the Additional Territory Option Agreement is terminated, you will have no further rights in or to the Option Area(s).

Each additional Franchise Agreement must be executed per the "Option Schedule" set forth in the Additional Territory Option Agreement, which will specify the number of Franchise Agreements to be signed and the time frames within which they must be signed (24-months from the date of your first franchise agreement unless otherwise agreed). Failure to comply with the Option Schedule, including ceasing to operate Franchised Businesses open during the term of the Additional Territory Option Agreement, will result in termination of the Additional Territory Option Agreement. In the event that you fail to meet the Option Schedule and the Additional Territory Option Agreement is terminated, you will retain your rights to any Franchised Businesses for which you have (a) executed Franchise Agreements; and (b) made all appropriate payments to us.

In order to exercise an option under the Additional Territory Option Agreement, you must: (a) be fully compliant with the terms of the Additional Territory Option Agreement and any other

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agreements with us, our affiliates, and our approved and designated suppliers, and have complied with those agreements during their respective terms; (b) not be in default of any Franchise Agreements you enter into during the term of your Additional Territory Option Agreement; and (c) have satisfied all monetary obligations you owe to us or our affiliates and approved vendors. In addition, you must have averaged 10 customer proposals per week ("PPW") in 8 of the last 12 weeks leading up to your 24th months of business in order to exercise the option for an additional Franchised Business and 15 PPW in 8 of the last 12 weeks leading up to your 24th month of business in order to exercise an option for a second additional Franchised Business. We will require you to sign our then-current form of Franchise Agreement for each Franchise Agreement to be executed under an Additional Territory Option Agreement.

If you execute an Additional Territory Option Agreement, the minimum performance criteria described in Article V.M. is modified during the term of the Additional Territory Option Agreement to match the number of territory options you obtained under the Additional Territory Option Agreement, such that the minimum "Gross Sales" required each year are multiplied by the number of territory options. The performance criteria in any subsequent Franchise Agreement entered into under an Additional Territory Option Agreement will reflect operations as beginning on the date the first Franchised Business commenced operations. If an option is not exercised, the minimum performance criteria in any existing Franchise Agreement(s) will be revised to reflect the number of Franchise Agreements that were executed.

Item 13

TRADEMARKS

FCI grants you the License to do business under the name "Floor Coverings International" but only in your DMA. You also may use the service mark "Floor Coverings International" and all the other trademarks, service marks and commercial symbols (the "Trademarks") owned by us but only inside your DMA and only in operating your Franchised Business. We have registered the following principal Trademarks on the Principal Register of the United States Patent and Trademark Office:

Trademark, Service Mark or Design	U.S. Reg. No.	Principal/ Supplemental Register	Date of Registration
FLOOR COVERINGS INTERNATIONAL/THE FLOORING STORE AT YOUR DOOR and design	2,635,911	Principal	October 15, 2002
FLOOR COVERINGS INTERNATIONAL	2,461,349	Principal	June 19, 2001
FCI	2,449,016	Principal	May 8, 2001
"Diamond" Design	2,449,015	Principal	May 8, 2001
IMPROVING LIVES ONE SQUARE FOOT AT A TIME	2,527,521	Principal	January 8, 2002

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Trademark, Service Mark or Design	U.S. Reg. No.	Principal/ Supplemental Register	Date of Registration
INSPIRATION AT YOUR FEET, FLOORING FOR YOUR LIFE	3,345,598	Principal	November 27, 2007
THE FLOORING STORE AT YOUR DOOR	2,996,863	Principal	September 20, 2005
INSPIRENET	3,714,290	Principal	November 24, 2009
MOBILE FLOORING SHOWROOM	5,239,130	Principal	July 11, 2017
THE STARS OF FLOORING	7,235,182	Principal	December 5, 2023

In addition, we have registered the following trademark under the Trade-marks Act (Canada) with the Canadian Intellectual Property Office:

Trademark, Service Mark or Design	Canadian. Reg. No.	Date of Registration
FLOOR COVERINGS INTERNATIONAL/THE FLOORING STORE AT YOUR DOOR and design	TMA394402	February 21, 1992
"Diamond" Design	TMA781397	November 2, 2010
FLOOR COVERINGS INTERNATIONAL/THE FLOORING STORE AT YOUR DOOR and design	TMA781392	November 2, 2010
IMPROVING LIVES ONE SQUARE FOOT AT A TIME	TMA781396	November 2, 2010
INSPIRATION AT YOUR FEET, FLOORING FOR YOUR LIFE	TNA781395	November 2, 2010
THE FLOORING STORE AT YOUR DOOR	TMA781393	November 2, 2010
COUVRE PLANCHER INTERNATONAL	TMA1019923	April 24, 2019
THE STARS OF FLOORING	TMA1354889	October 24, 2025
FCI. THE STARS OF FLOORING	TMA134888	October 24, 2025

We have no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, or the Trademark Administrator or court of any state or province regarding any of our Trademarks. There are no pending infringements, oppositions or cancellations

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affecting our Trademarks nor is there any pending material litigation involving the Trademarks.

There are no agreements in effect which limit our rights to use or license the use of the Trademarks. All applicable Section 8 & 15 Affidavits and Section 9 Renewals have been filed with the United States Patent and Trademark Office for the Trademarks and we will continue to do so at the proper time for the balance of the Trademarks.

You must follow all rules stated in the Franchise Agreement regarding the use of our Trademarks. You may only use Trademarks that we license you to use. You cannot sell any product or service in your Franchised Business that does not display the mark "Floor Coverings International."

If you learn of any infringement of the Trademarks or if any third party challenges your use of any Trademark, you must notify us immediately and you must help if we prosecute or defend a legal action. We will take whatever action we deem appropriate for infringement of any of our Trademarks, but we will defend you if you are named as a party in an action alleging infringement of someone else's trademark based on your proper, authorized use of any of our Trademarks.

If we modify any of our Trademarks, you must make the same modification at your own cost. If we stop using any of our Trademarks, you also must stop using that Trademark. You must not contest our ownership, title, right or interest in the Trademarks or our trade secrets, methods and procedures, and you must not or contest our sole right to register, use or license others to use our Trademarks, trade secrets, methods, and procedures.

We are unaware of any infringing uses of the mark "Floor Coverings International" or other Trademarks listed above that could materially affect your use of the name and Trademarks in your business.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights, nor are there any pending patent applications which are material to the franchise. You must keep confidential during and after the term of the Franchise Agreement all information contained in the Operations Manual and in any other manual we provide to you. You cannot duplicate or provide any information contained in the Operations Manual to any party other than, during the term of the Franchise Agreement, those of your employees who need to know that information. When the Franchise Agreement terminates, you must return to FCI all copies of the Operations Manual and all other material we have copyrighted or designed as confidential.

All data collected from former, existing, and/or potential customers including customer names and addresses, discounts and credit extensions to customers, customer contracts, designs, and status information (collectively "Customer Information") are FCI's trade secrets and confidential information. You are prohibited from disclosing Customer Information and our other proprietary

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information, trade secrets, and confidential information to third parties, including entering such information into public/open AI models or any other AI model that uses such information to train the AI unless specifically authorized by us, and you must adhere to any privacy policies FCI may now, or in the future, establish with respect to Customer Information.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are not required to personally supervise the Franchised Business. You must employ a manager who will be responsible for direct, full time supervision of the business, however, if you do not personally supervise the business, or if you are a corporation, partnership, or limited liability company, either you or your manager must use best efforts to actively promote the Franchised Business and the sale of Products and Services. The manager must successfully complete the FCI Academy training program but need not have an ownership interest if you are a corporation, partnership, or limited liability company. The manager must sign an Employee Nondisclosure and Noncompetition Agreement. (See Exhibit A-3 to this disclosure document).

If you are a legal entity, all partners, shareholders, or members must sign the Corporate Guarantee Rider which is attached to the Franchise Agreement as Exhibit A-2. By signing the Corporate Guarantee Rider, your owners personally and unconditionally guarantee full performance and payment of all of your obligations under the Franchise Agreement. The owners also agree to be personally bound by the Franchise Agreement (including the noncompete and confidentiality provisions) and personally liable for any breach.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You cannot sell or provide any products or services other than those authorized by FCI which you are trained to provide. You may sell all of the products and services which you have been trained to provide. These Franchised Products and Services include hard and soft floor coverings as well as window treatments and floorcovering installation. We must approve, in writing, any additional product or service you may want. If you purchase supplies, floor products or equipment for use in your Franchised Business from other than an approved supplier, each must be approved by us. (See Item 8).

We may add additional products and services that you must offer. You must successfully complete training for additional products and services. There are no limits on FCI's right to do so.

You may offer, sell and perform only Residential Services (see Item 1 for a description of Residential Services). You are prohibited from offering, selling or performing any of the Residential Services in any area outside your DMA. You may not offer Commercial Services or perform work on National Accounts except as permitted in the Franchise Agreement (see Items 1 and 12 for a

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discussion of Commercial Services and National Accounts).

You cannot sell or furnish the Franchised Products and Services outside your DMA except as provided for under specific advertising programs. You cannot open a fixed location retail outlet unless you have our written permission.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

A. THE FRANCHISE AGREEMENT

Provisions		Article in Franchise Agreement	Summary
a.	Term of the Franchise	Article II(A)	Term is 10 years from the effective date of the agreement. The term of any additional franchise agreement entered into under an Additional Territory Option Agreement, will be deemed to have commenced on the same date as the first franchise agreement.
b.	Renewal or extension of the term	Article II(B)	We will renew your agreement for two additional 5-year terms provided you are not in default.
c.	Requirements for you to renew or extend	Article II(B)	In order to renew you must: deliver us notice of your intent to renew; sign our then-current franchise agreement, which may contain materially different obligations; execute a general release; not be in default of your Franchise Agreement; be in possession of all required vehicles, equipment, samples and other required items; successfully complete refresher training; and pay a renewal fee.
d.	Termination by you	Not Applicable.	Subject to state law.
e.	Termination by us without cause	Not Applicable.	
f.	Termination by us with cause	Article IX	We have the right to terminate your Franchise Agreement with cause.
g.	"Cause" defined - curable defaults	Article IX(C) Article IX(C)	We have the right to terminate the License after providing you with notice and a 15-day cure period if you fail to make required payments to us. We have the right to terminate the License after providing you with notice and a 30-day cure

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Provisions		Article in Franchise Agreement	Summary
			period if you: fail to submit or accurately report your Gross Sales or any other report; you fail to obtain and maintain all required business licenses; you fail to comply with all material provisions of the License; you default on your Promissory Note; you refuse to allow us to audit the Business and/or your records; you fail to attend and complete required training within the required time period; you fail to meet your Initial Advertising Obligations; you fail to make the Required Local Expenditures; you fail to timely submit annual income statements and balance sheets; any default for which applicable law grants a cure period.
		Article IX(B)(5)	We have the right to terminate the License after providing you with notice and a 24-hour cure period if you engage in activities that materially impair our goodwill.
h.	"Cause" defined – incurable defaults	Article IX(A)	We have the right to automatically terminate the License if you are insolvent, make a general assignment for the benefit of creditors, are bankrupt, a receiver is appointed, a bill in equity is allowed, or an attachment or levy is placed on your real or personal property.
		Article IX(B)	We have the right to terminate the License upon notice to you if: you abandon the Business; you are convicted of a felony or other crime that may cause harm to the System; you make a material misrepresentation relating to acquiring the Business; you fail 3 or more times to comply with the License; you repeatedly solicit sales outside of your DMA; you fail to complete training; you disclose our trade secrets; you attempt or complete an unauthorized relocation or transfer; you misuse any of our Proprietary Marks; you fail to submit required reports for two consecutive months; you fail to meet the Performance Criteria; or you fail to attend our annual convention or any other required meeting.
i	Your obligations on termination/non-renewal	Article X(A)	Stop using the Trademarks, release phone numbers to FCI, in 10 days ship everything with FCI logo back to FCI, return all videos, manuals and other proprietary materials associated with the FCI business, de-stripe van and send photos, and pay all monies due FCI, including minimum royalties, under the Franchise Agreement.
j.	Assignment of contract by us	Article VII(G)	No restrictions on our right to assign.

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Provisions		Article in Franchise Agreement	Summary
k.	"Transfer" by you - definition	Article VIII(A)(2)	Includes assignment, sale or other transfer by you of: any interest in the License; any ownership interest in the franchisee entity; the Business; any capital stock, membership interest partnership interest in the franchisee entity or Business; any ownership interest in the franchisee entity or the Business through a merger or consolidation; common stock of franchisee entity; any ownership interest through a divorce decree or operation of law; any ownership interest by will or trust; the significant assets of the Business.
l.	Our approval of your transfer	Articles VIII(A) and VIII(C)	Neither the License nor any part of the Business (or any interest therein granted pursuant to this Agreement) may be transferred without the prior written approval of FCI.
m.	Conditions for our approval of your transfer	Article VIII(C)(2)	The following conditions must be met in order for us to approve a transfer: the transferee meets our then-current standards for new franchisees; you have met all of your financial obligations to us and are in full compliance with the License; the transferee successfully completes required training; the transferee has acquired the FCI Vehicle; the transferee signs our then-current franchise agreement; the transferee acquires such technology licenses as may then be required; your franchised business has a complete then-current Opening Package; you or the transferee pays us a transfer fee; you execute a general release; we waived our right of first refusal; you execute any required agreements to show you will meet all post-term obligations; you agree to pay any broker commissions or other fees/costs that arise from the transfer; and you execute an agreement providing that all obligations of the transferee to pay the purchase price to you are subordinate to any amounts owed to us.
n.	FCI's right of first refusal on your license	Article VIII(B)	You may not sell, transfer, assign, or otherwise convey any interest in you, this Agreement or substantially all or all of the assets of the Business without first offering such interest to us in writing at the same price and terms, exclusive of broker fees, as offered by a third party in a bona fide purchase offer.
o.	FCI's option to purchase your license	Not Applicable.	FCI does not have an option to buy your License except as provided in Item 17(n).
p.	Your death or disability	Article VIII(E)	Your License can be assigned by your executor, but FCI must approve the new owner and the

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Provisions		Article in Franchise Agreement	Summary
			License must be assigned within a reasonable time.
q.	Noncompetition covenants during the term of the franchise	Article VI(A) and Nondisclosure and Noncompetition Agreement	During the term of the Franchise Agreement, you may not have any interest in any business offering carpeting, window treatments, hard and soft floor covering products or other services, or products offered by FCI Franchised Businesses (subject to state law).
r.	Noncompetition covenants after the franchise license is terminated or expires	Article VI(B) and X(C) and Nondisclosure and Noncompetition Agreement	For a period of 2 years after expiration or termination of the Franchise Agreement, you may not have any interest in any business offering carpeting, window treatments, hard and soft floor covering products or other services, or products offered by FCI Franchised Businesses: (i) within the DMA; (ii) within a 25-mile area surrounding the perimeter of the DMA; (iii) within a 10-mile radius of any other FCI Franchised Business; or (iv) within a10-mile radius of the location of any National Account or Commercial Services job that Franchisee performed during the term of the franchise (subject to state law).
s.	Modification of the license	Article XIV(I) and Article XIV(J)	All changes must be made in writing signed by both parties, except we may adopt and use, without your consent, new or modified Trademarks, products, equipment or techniques and you agree to comply with the modifications even if these modifications change the License.
t.	Integration/merger clause	Article XIV(J)	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Article XII	At our option, all disputes will be submitted first to non-binding mediation (subject to state law).
v.	Choice of forum	Article XII(D)	Legal action must be in state or federal court in Georgia (subject to state law).
w.	Choice of law	Articles XIV(L)	Georgia law will apply (subject to state law).

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B. ADDITIONAL TERRITORY OPTION AGREEMENT

Provisions		Article in Additional Territory Option Agreement	Summary
a.	Term of the Franchise	Section 3.2	The term begins upon execution of the first Franchise Agreement and ends on the last day of that the final Franchise Agreement is required to be executed under the Option Schedule. The term of each additional franchise agreement will be deemed to have begun upon the execution of the franchise agreement and will expire on the same date that the first franchise agreement expires.
b.	Renewal or extension of the term	Not Applicable.	Not Applicable.
c.	Requirements for you to renew or extend	Not Applicable.	Not Applicable.
d.	Termination by you	Not Applicable.	Subject to state law.
e.	Termination by us without cause	Not Applicable.	Not Applicable.
f.	Termination by us with cause	Section 3.3	We have the right to terminate your Additional Territory Option Agreement with cause.
g.	"Cause" defined - curable defaults	Section 3.3	The Additional Territory Option Agreement will terminate upon notice if you breach any Franchise Agreement which remains uncured pursuant to the terms of that Franchise Agreement.
h.	"Cause" defined – incurable defaults	Section 3.3	The Additional Territory Option Agreement will automatically terminate without notice or opportunity to cure if: (1) you fail to execute any Franchise Agreement at the time set forth in the Option Schedule; (2) if you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; or (3) if any Franchise Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i	Your obligations on termination/non-renewal	Not Applicable.	Not Applicable.
j.	Assignment of contract by us	Section 3.1	Fully transferrable by us.

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Provisions		Article in Additional Territory Option Agreement	Summary
k.	"Transfer" by you - definition	Section 3.1	A transfer will occur if you sell, transfer, or assign any right granted under the Additional Territory Option Agreement. Notwithstanding, if you are an individual or a partnership, you have the right to assign your rights under the Additional Territory Option Agreement to a corporation or limited liability company that is wholly owned by you according to the same terms and conditions as provided in the first Franchise Agreement you sign under the Additional Territory Option Agreement.
l.	Our approval of your transfer	Section 3.1	You may not transfer any rights in the Additional Territory Option Agreement without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.
m.	Conditions for our approval of your transfer	Section 3.1	Your rights under the Additional Territory Option Agreement are personal to you and you may not sell, transfer, or assign any right granted under it without our prior written consent, which may be withheld in our sole discretion.
n.	FCI's right of first refusal on your license	Not Applicable.	Not Applicable.
o.	FCI's option to purchase your license	Not Applicable.	Not Applicable.
p.	Your death or disability	Not Applicable.	Not Applicable.
q.	Noncompetition covenants during the term of the franchise	Not Applicable.	Nothing in addition to the requirements under the Franchise Agreement.
r.	Noncompetition covenants after the franchise license is terminated or expires	Not Applicable.	Nothing in addition to the requirements under the Franchise Agreement.
s.	Modification of the license	Section 5.14	The Additional Territory Option Agreement may only be modified or amended in writing signed by all parties.
t.	Integration/merger clause	Section 5.13	Only the terms of the Additional Territory Option Agreement, Franchise Agreement, and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.

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Provisions		Article in Additional Territory Option Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Sections 4.2 and 4.3	You must bring all disputes before FCI's President and CEO prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all disputes will be submitted first to non-binding mediation (subject to state law).
v.	Choice of forum	Section 4.4	Legal action must be in state or federal court in Georgia (subject to applicable state law).
w.	Choice of law	Section 4.1	Georgia law will apply (subject to applicable state law).

Item 18

PUBLIC FIGURES

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

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Background

This Item sets forth certain historical data submitted by our franchisees. As set forth in each table below, this Item discloses certain information for each of the Reporting Franchisees, and not for discrete businesses or territories. Some Reporting Franchisees may own more than one business and/or operate in more than one territory. Written substantiation of the data used in preparing this information will be made available upon reasonable request. We have not audited this information, nor independently verified this information. The information is for the period of January 1, 2025, through December 31, 2025 (the "Measurement Period"). This Item presents certain information for our 218 US franchisees that were open for the full measurement period and excludes information from 91 franchisees that were not (i) open for the full measurement period, (ii) do not report using our current standard software, or use it inconsistently, and thus for whom we do not have complete sales data, or (ii) do not operate the franchise as a full-time venture.

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Gross Revenue Installed, Gross Revenue Landed and Average Job Information

This Table presents the Gross Revenue Installed, Gross Revenue Landed and certain Job Information as reported to us by our 159 U.S. franchisees that were open and operating for more than 24 months as of December 31, 2024, and for whom we have complete sales data (the "Reporting Franchisees"). This table excludes franchises (a) who had not been open and operating for a full 24 months as of December 31, 2025, (b) for whom we do not have complete sales data, and (c) that do not operate the franchise as a full-time venture. For the purposes of this Item 19, a franchisee is deemed to have operated less than full time if the franchisee was not operating for at least one full calendar month during the Measurement Period. Data for startup Franchisees who were not open and operating for a full 24 months as of December 31, 2025, was excluded from this Table. The following table presents the average Gross Revenue Installed, Gross Revenue Landed and certain Job Information for the 159 Reporting Franchisees during the Measurement Period. We have broken down the data into five groups (each, a "Group") based on the Reporting Franchisees' Gross Revenue Installed, as further described below.

Gross Revenue Installed, Gross Revenue Landed and Average Job Information For Calendar Year 2025

Group by Average Revenue Installed	Number of Reporting Franchisees	Average Gross Revenue Installed	Average Gross Revenue Landed	Leads	Proposals	Average Job Size	Success Rate	Gross Margin %	Median and Number of Reporting Franchisees Meeting or Exceeding the Average
Top 10%	16	$3,211,059	$3,424,733	1,191	783	$8,166	52%	45%	**Rev. Installed: 6 (38%)** Median: $2,574,800 High: $9,831,070 Low: $2,034,607
									Rev. Landed: 6 (38%) Median: $2,796,616 High: $10,075,670 Low: $1,901,709
									Leads: 5 (31%) Median: 981 High: 2,367 Low: 726
									Proposals: 6 (38%) Median: 673 High: 1,709 Low: 522

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Group by Average Revenue Installed	Number of Reporting Franchisees	Average Gross Revenue Installed	Average Gross Revenue Landed	Leads	Proposals	Average Job Size	Success Rate	Gross Margin %	Median and Number of Reporting Franchisees Meeting or Exceeding the Average
									Job Size: 8 (50%) Median: $8,434 High: $9,830 Low: $5,930
									Success Rate: 6 (38%) Median: 50% High: 78% Low: 36%
									Gross Margin: 8 (50%) Median: 45% High: 49% Low: 40%
Top 25%	40	$2,321,450	$2,485,667	910	597	$8,392	50%	45%	**Rev. Installed:11 (28%)** Median: $2,006,721 High: $9,831,070 Low: $1,442,301
									Rev. Landed: 11 (28%) Median: $2,095,973 High: $10,075,670 Low: $1,249,498
									Leads: 13 (33%) Median: 810 High: 2,367 Low: 358
									Proposals: 16 (40%) Median: 542 High: 1,709 Low: 238
									Job Size: 18 (45%) Median: $8,211 High: $12,994 Low: $5,042
									Success Rate: **21 (53%)** Median: 50% High: 78% Low: 34%
									Gross Margin: 23 (58%)

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Group by Average Revenue Installed	Number of Reporting Franchisees	Average Gross Revenue Installed	Average Gross Revenue Landed	Leads	Proposals	Average Job Size	Success Rate	Gross Margin %	Median and Number of Reporting Franchisees Meeting or Exceeding the Average
									Median: 45% High: 50% Low: 39%
Top 50%	80	$1,754,279	$1,869,238	755	490	$8,197	46%	44%	**Rev. Installed: 27 (34%)** Median: $1,425,299 High: $9,831,070 Low: $1,005,249
									Rev. Landed: 29 (36%) Median:$1,512,551 High: $10,075,670 Low: $856,378
									Leads: 31 (39%) Median: 652 High: 2,367 Low: 303
									Proposals: 29 (36%) Median: 427 High: 1,709 Low: 196
									Job Size: 34 (43%) Median: $7,849 High: $15,435 Low: $4,967
									Success Rate: **39 (49%)** Median: 45% High: 78% Low: 29%
									Gross Margin: 45 (55%) Median: 44% High: 50% Low: 37%
Bottom 50%	80	$671,479	$718,331	368	230	$7,774	45%	44%	**Rev. Installed: 44 (55%)** Median: $683,236 High: $1,005,248 Low: $253,717
									Rev. Landed: 40 **(50%)** Median: $721,572

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Group by Average Revenue Installed	Number of Reporting Franchisees	Average Gross Revenue Installed	Average Gross Revenue Landed	Leads	Proposals	Average Job Size	Success Rate	Gross Margin %	Median and Number of Reporting Franchisees Meeting or Exceeding the Average
									High: $1,027,826 Low: $287,393
									Leads: 41 (51%) Median:369 High: 809 Low: 28
									Proposals: 36 (45%) Median: 226 High: 488 Low: 25
									Job Size: 28 (35%) Median: $7,244 High: $21,161 Low: $3,657
									Success Rate: **38 (48%)** Median: 43% High: 100% Low: 25%
									Gross Margin: 38 (48%) Median: 44% High: 52% Low: 33%
Bottom 25%	40	$512,879	$562,636	298	185	$7,801	46%	44%	**Rev. Installed: 22 (55%)** Median: $537,314 High: $678,958 Low: $253.717
									Rev. Landed: 19 (48%) Median: $547.592 High: $1,019,785 Low: $287,393
									Leads: 20 (50%) Median: 302 High:557 Low: 28
									Proposals: 19 (48%) Median: 170 High: 336

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Group by Average Revenue Installed	Number of Reporting Franchisees	Average Gross Revenue Installed	Average Gross Revenue Landed	Leads	Proposals	Average Job Size	Success Rate	Gross Margin %	Median and Number of Reporting Franchisees Meeting or Exceeding the Average
									Low: 25
									Job Size: 11 (28%) Median: $6,483 High: $21,161 Low: $3,657
									Success Rate: 17 **(43%)** Median: 43% High: 100% Low: 26%
									Gross Margin: 25 **(63%)** Median: 45% High: 50% Low: 33%
Bottom 10%	16	$376,369	$413,339	299	191	$5,962	39%	43%	**Rev. Installed: 8 (50%)** Median: $373,296 High: $468,093 Low: $253,717
									Rev. Landed: 9 (56%) Median: $428,869 High: $520,735 Low: $287,393
									Leads: 5 (31%) Median: 291 High: 453 Low: 82
									Proposals: 7 (50%) Median:178 High: 336 Low: 69
									Job Size: 9 (56%) Median: $6,005 High: $8,263 Low: $3,657
									Success Rate: **8 (50%)** Median: 37% High: 57% Low: 26%

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Group by Average Revenue Installed	Number of Reporting Franchisees	Average Gross Revenue Installed	Average Gross Revenue Landed	Leads	Proposals	Average Job Size	Success Rate	Gross Margin %	Median and Number of Reporting Franchisees Meeting or Exceeding the Average
									Gross Margin: 11 (69%) Median: 43% High: 49% Low: 37%
All Reporting Franchisees	159	$1,214,185	$1,295,381	560	359	$7,997	46%	44%	**Rev. Installed: 57 (36%)** Median: $1,005,249 High: $9,831,070 Low: $253,717
									Rev. Landed: 54 (34%) Median: $1,039,974 High: $10,831,070 Low: $287,393
									Leads: 69 (43%) Median: 512 High: 1,709 Low: 28
									Proposals: 69 (43%) Median: 320 High: 1,709 Low: 25
									Job Size: 69(43%) Median: $7,607 High: $21,161 Low: $3,657
									Success Rate: 69 (43%) Median: 44% High: 100% Low: 25%
									Gross Margin: 92 (58%) Median: 44% High: 52% Low: 33%

Notes:

1. Gross Revenue Installed is defined as a franchisee's total sales invoices or other items or services billed to the customer for all "Completed Sales", less discounts, cancellations or returns

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by FCI. Sales of products and services are deemed to be Completed Sales for purposes of reporting to FCI when the franchisee completes the final installation of all products or services sold to the customer. Due to the uneven number of Reporting Franchisees, the same franchisee appears as both the lowest Reporting Franchisee in the top 50% and the highest Reporting Franchisee in the bottom 50%.

2. Gross Revenue Landed is defined as Gross Revenue Installed (except as set forth below), plus the total sales invoices or services billed to customers for all ongoing jobs where franchisee has not yet completed final installation but has been engaged by the customer and has begun to provide the products and services requested. Specifically omitted from Gross Revenue Landed is any amount of Gross Revenue Installed from the provision of products or services which were ordered, invoiced or first billed for during the preceding calendar year (2024).

3. The Average Gross Revenue Installed and Gross Revenue Landed for each Group is defined as the sum of the Gross Revenue Installed/Landed of the Reporting Franchisees in each Group divided by the number of Reporting Franchisees in each Group.

4. Leads are all inquiries that the franchisee received from potential customers to provide the approved products and services.

5. Proposals are the number of estimates, bids and other proposals generated and delivered by a franchisee to provide products and/or services to customers.

6. Average Job Size is defined as the total Gross Revenue Installed of all jobs in each operating category divided by the number of jobs performed by franchisees in each operating category.

7. Average Success Rate is the average percentage of jobs landed over the number of first proposals.

8. Gross Margin is the percentage of profit in the jobs performed by franchisees, which is calculated by subtracting product and installation costs from revenue, dividing the result by revenue, and converting into a percentage.

9. As of December 31, 2025, twelve 12 Reporting Franchisees operated in two (2) or more discrete territories, and over one hundred (100) franchisees operate outside of their territories in areas that in many cases are as large as, or larger than, the total area served by franchisees operating in two separate territories. In addition, almost all of the Reporting Franchisees were awarded DMAs that are larger than a single unit's DMA offered in this disclosure document. The smallest Reporting Franchisee DMA was 77,844 single family homes and the largest was 741,705 single family homes. The average was 196,739 and the median DMA was 169,972 single family homes. 60 of the 159 Reporting Franchisees had DMA's larger than the average (38%).

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Group By Average Revenue Installed (In Operation More than 2 Years)	Median/Average/High/Low DMA Size in Single Family Homes	Number of Franchisees Exceeding Average DMA Size in Group
Top 10%	304,592/312,798/627,431/149,749	7/16 (44%)
Top 25%	247,230/255,633/634,747/83,690	19/40 (48%)
Top 50%	172,085/219,542/741,705/83,690	26/80 (33%)
Bottom 50%	164,637/173,535/386,902/77,844	37/80 (46%)
Bottom 25%	154,812/165,766/314,614/102,685	17/40(43%)
Bottom 10%	155,406/158,407/211,523/109,221	8/16 (50%)

10. Certain Reporting Franchisees have been granted the right to perform services for residential jobs in which the aggregate contract amount exceeds $50,000, or any other flooring services not specifically identified as Residential Services in this disclosure document, including but not limited to any flooring services for businesses or other commercial buildings, hotels or academic institutions ("Commercial Services"). See Item 12 for more information related to Commercial Services. Upon signing our Commercial Services Addendum, completion of our Commercial Training Program and satisfaction of such other conditions as we may require, you will be qualified to provide Commercial Services.

Certain Job Information – Start-Up and Mature Businesses

The following table presents the Average Job Size, Success Rate, and Gross Margin for 59 of our franchisees open less than two years but more than one year, and 159 of our franchisees open and operating for more than two years, as of December 31, 2025, that reported data in these categories to us. This table excludes franchises (a) who had not been open and operating for a full year as of December 31, 2025, (b) for franchisees who do not report using our current standard software, or use it inconsistently, and thus for whom we do not have complete sales data, and (c) that do not operate the franchise as a full-time venture.

Average Job Size, Success Rate, Slippage Rate and Gross Margin
For Calendar Year 2025

Years in Operation	Number of Franchises	Average Job Size	Success Rate	Gross Margin %	Median and Number of Reporting Franchisees Meeting or Exceeding the Average
Over 2 Years	159	$7,997	46%	44%	**Job Size: 69 (43%)** Median: $7,607 High:$21,161

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Years in Operation	Number of Franchises	Average Job Size	Success Rate	Gross Margin %	Median and Number of Reporting Franchisees Meeting or Exceeding the Average
					Low: $3,657
					Success Rate: 69 (43%) Median: 44% High: 100% Low: 25%
					Gross Margin: 92 (58%) Median: 44% High: 52% Low: 33%
Less than 2 Years, But More than 1 Year	59	$8,114	39%	42%	**Job Size: 16 (27%)** Median: $7,063 High: $41,095 Low: $4,992
					Success Rate: 32 (54%) Median: 39% High: 63% Low: 138%
					Gross Margin: 35 (59%) Median: 42% High: 51% Low: 35%

This analysis does not contain information concerning operating costs or expenses.

Some outlets have sold these amounts. Your individual results may differ. There is no assurance you'll sell as much.

Other than the preceding financial performance representation, Floorcoverings International, Ltd. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Thomas Wood, Floorcoverings International, Ltd., 5390 Triangle Parkway, Suite 125, Norcross, Georgia 30092 and 800-955-4324, the Federal Trade Commission, and the appropriate state regulatory agencies.

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Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System Wide Summary
For Years 2023 – 2025

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2023	215	252	+37
	2024	252	288	+36
	2025	288	309	+21
Company/Affiliate Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	**2023**	**215**	**252**	**+37**
	2024	**252**	**288**	**+36**
	2025	**288**	**309**	**+21**

Table No. 2
Transfers of Outlets from Franchisees
to New Owners (other than Franchisor)
For Years 2023 – 2025

STATE	YEAR	NUMBER OF TRANSFERS
Alabama	2023	0
	2024	1
	2025	0
Arizona	2023	0
	2024	1
	2025	0
Arkansas	2023	0
	2024	0
	2025	1
	2023	0

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STATE	YEAR	NUMBER OF TRANSFERS
California	2024	3
	2025	2
Colorado	2023	1
	2024	1
	2025	0
Florida	2023	0
	2024	1
	2025	3
Georgia	2023	2
	2024	1
	2025	2
Idaho	2023	0
	2024	0
	2025	2
Illinois	2023	1
	2024	2
	2025	1
Michigan	2023	1
	2024	1
	2025	0
Minnesota	2023	0
	2024	1
	2025	0
Nevada	2023	0
	2024	0
	2025	1
New Jersey	2023	0
	2024	0
	2025	2
North Carolina	2023	2
	2024	2
	2025	0
Ohio	2023	0
	2024	1
	2025	1
South Carolina	2023	1
	2024	1
	2025	0
Texas	2023	1
	2024	3
	2025	1
	2023	0

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STATE	YEAR	NUMBER OF TRANSFERS
Utah	2024	0
	2025	1
Virginia	2023	1
	2024	0
	2025	0
Washington	2023	1
	2024	0
	2025	0
Wisconsin	2023	0
	2024	1
	2025	0
Totals	**2023**	**11**
	2024	**20**
	2025	**17**

Table No. 3
Status of Franchise Outlets
For Years 2023 – 2025

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	TERMIN-ATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
Alabama	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	1	0	0	0	0	3
Arizona	2023	9	1	0	0	0	0	10
	2024	10	0	0	0	0	1	9
	2025	9	2	0	0	0	3	8
Arkansas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
California	2023	14	5	2	0	0	0	17
	2024	17	6	1	1	0	2	19
	2025	19	7	1	0	0	2	23
Colorado	2023	5	1	0	0	0	0	6
	2024	6	4	1	0	0	0	9
	2025	9	1	0	0	0	1	9
Connecticut	2023	1	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	2	0	0	0	0	3
	2023	0	1	0	0	0	0	1

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STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	TERMIN-ATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
Delaware	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Florida	2023	19	9	0	0	0	0	28
	2024	28	6	1	0	0	2	31
	2025	31	6	1	0	0	1	35
Georgia	2023	8	2	1	0	0	0	9
	2024	9	7	1	0	0	0	15
	2025	14	2	0	0	0	1	15
Idaho	2023	2	1	1	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Illinois	2023	9	3	0	0	0	0	12
	2024	12	4	0	0	0	3	13
	2025	13	2	2	0	0	1	12
Indiana	2023	2	0	0	0	0	0	2
	2024	2	3	0	0	0	0	5
	2025	5	1	0	0	0	0	6
Iowa	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Kansas	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Kentucky	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Louisiana	2023	2	0	1	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Maine	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	1	0	0	0	0
Maryland	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	3	0	0	0	0	4
Massachusetts	2023	7	1	0	0	0	1	7
	2024	7	2	2	1	0	0	6
	2025	6	1	0	0	0	0	7
	2023	10	1	0	0	0	0	11

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STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	TERMIN-ATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
Michigan	2024	11	2	0	0	0	0	13
	2025	13	1	2	0	0	2	10
Minnesota	2023	4	0	1	0	0	0	3
	2024	3	4	0	0	0	0	7
	2025	7	1	0	0	0	0	8
Mississippi	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Missouri	2023	2	0	0	0	0	0	2
	2024	2	3	0	0	0	0	5
	2025	5	0	0	0	0	1	4
Montana	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Nebraska	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	1	1
Nevada	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
New Hampshire	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
New Jersey	2023	9	2	0	0	0	0	11
	2024	11	0	1	0	0	2	9
	2025	9	2	0	0	0	0	11
New Mexico	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New York	2023	5	1	0	0	0	0	5
	2024	5	0	1	0	0	0	4
	2025	4	5	0	0	0	2	7
North Carolina	2023	11	0	1	0	0	0	10
	2024	10	1	1	0	0	1	11
	2025	11	2	1	0	1	0	11
Ohio	2023	10	1	0	0	0	0	11
	2024	11	2	1	0	0	0	12
	2025	12	2	0	0	0	1	13
	2023	1	1	1	0	0	0	1

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STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	TERMIN-ATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
Oklahoma	2024	1	3	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Oregon	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Pennsylvania	2023	7	1	0	0	0	0	8
	2024	8	0	0	0	0	0	8
	2025	8	2	0	0	0	0	10
Rhode Island	2023	2	1	0	1	0	0	2
	2024	2	2	0	1	0	0	3
	2025	3	0	0	0	0	0	3
South Carolina	2023	6	1	0	0	0	0	7
	2024	7	1	0	0	0	0	8
	2025	8	0	0	0	0	0	8
Tennessee	2023	4	2	0	0	0	0	6
	2024	6	2	0	0	0	0	8
	2025	8	0	0	0	0	1	7
Texas	2023	37	4	7	0	0	0	34
	2024	34	1	3	0	0	4	28
	2025	28	7	3	0	0	5	27
Utah	2023	5	1	0	0	0	0	6
	2024	6	2	1	0	0	2	5
	2025	5	2	1	0	0	2	4
Vermont	2023	1	1	0	0	0	0	2
	2024	2	0	1	0	0	0	1
	2025	1	0	0	0	0	0	1
Virginia	2023	6	3	0	0	0	0	9
	2024	9	3	0	0	0	0	12
	2025	12	1	0	0	0	0	13
Washington	2023	3	3	0	0	0	0	6
	2024	6	2	0	0	0	0	8
	2025	8	1	1	0	0	0	8
Wisconsin	2023	4	0	1	0	0	0	3
	2024	3	1	0	0	0	0	4
	2025	4	1	0	0	0	0	5
Wyoming	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Totals	**2023**	**215**	**57**	**18**	**1**	**0**	**1**	**252**

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STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	TERMIN-ATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
	2024	**252**	**65**	**11**	**3**	**0**	**15**	**288**
	2025	**288**	**61**	**15**	**0**	**0**	**25**	**309**

Table 4
Status of Company-Owned and Affiliate-Owned Businesses
For Years 2023– 2025

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
Totals	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table 5
Projected Openings As Of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Alabama	0	1	0
Arizona	1	2	0
Arkansas	0	1	0
California	5	3	0
Colorado	0	1	0
Connecticut	0	2	0
Delaware	0	1	0
Florida	4	3	0
Georgia	3	1	0
Idaho	1	0	0
Illinois	4	3	0
Indiana	0	1	0
Iowa	0	1	0
Kentucky	0	1	0
Louisiana	1	2	0

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State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Maine	0	1	0
Maryland	1	3	0
Massachusetts	1	2	0
Michigan	2	2	0
Minnesota	1	1	0
Missouri	1	0	0
Nebraska	0	1	0
New Hampshire	0	1	0
New Jersey	1	1	0
New York	1	2	0
North Carolina	2	3	0
Ohio	1	1	0
Oregon	0	1	0
Pennsylvania	0	2	0
Tennessee	0	1	0
Texas	5	3	0
Virginia	0	2	0
Washington	2	1	0
Wisconsin	0	1	0
Total	**37**	**52**	0

A list of our franchisees, as of December 31, 2025, is included in this Disclosure document as Exhibit F. Some franchisees own and operate more than one franchise.

A list of all franchisees who have an FCI franchise terminated, canceled or not renewed, transferred out of the FCI System, or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the 12-month period ended December 31, 2025, or who have not communicated with FCI within the 10-week period immediately preceding the issuance date of this document, also appears in Exhibit F. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

A list of the subset of franchisees who had signed a Franchise Agreement but not yet opened as of December 31, 2025, is also included in Exhibit F.

Certain franchisees have signed confidentiality clauses during our past three fiscal years restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all franchisees will be able to communicate with you. We are not aware of any trademark specific franchisee organizations associated with the franchise system, which are required to be disclosed in this disclosure document.

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FRANCHISE DISCLOSURE DOCUMENT

Item 21

FINANCIAL STATEMENTS

Exhibit G to this disclosure document contains the audited financial statements for FS Brands, Inc., parent of Floorcoverings International, Ltd., for the fiscal years ending December 31, 2023, 2024, and 2025.

Certain states and the Federal Trade Commission require that a Guarantee of Performance be given by FS Brands, Inc. A copy of this guarantee is attached as Exhibit K. FS Brands, Inc. absolutely and unconditionally guarantees FCI's obligations under the Franchise Agreement.

Our fiscal year end is December 31 of each year.

Item 22

CONTRACTS

This disclosure document contains the following contracts:

Exhibit A	Franchise Agreement
Exhibit A-1	Description of Designated Marketing Area
Exhibit A-2	Corporate Guarantee Rider
Exhibit A-3	Employee Nondisclosure and Noncompetition Agreement
Exhibit A-4	Sample Consent to Transfer Agreement
Exhibit B	Promissory Note
Exhibit C	System Access Agreement
Exhibit D	Telephone Listing Authorization Agreement
Exhibit E	Additional Territory Option Agreement
Exhibit J	Guarantee of Performance
Exhibit L	Advertising Co-Op Amendment (if formed for your DMA)

Item 23

RECEIPT

Exhibit M of this disclosure document contains a detachable document, in duplicate, acknowledging receipt of this disclosure document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Hanna Connolly, Floorcoverings International, Ltd., 5390 Triangle Parkway, Suite 125, Norcross, Georgia 30092.

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FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A

FRANCHISE AGREEMENT

FLOORCOVERINGS INTERNATIONAL, LTD.
SINGLE UNIT FRANCHISE AGREEMENT

DATA SHEET

1. Name of Franchisee:

2. Franchisee's Address:

3. Franchisee's DMA:

4. Franchisee's Telephone Number:

5. Franchisee's Email Address:

6. Initial Franchise Fee:

7. Option Fee(s):

8. Effective Date:

The information contained in this Data Sheet is incorporated by reference into the Floorcoverings International, Ltd. Franchise Agreement.

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EXHIBIT A-2 CORPORATE GUARANTEE RIDER
EXHIBIT A-3 EMPLOYEE NONDISCLOSURE AND NONCOMPETITION AGREEMENT
EXHIBIT A-4 SAMPLE CONSENT TO TRANSFER AGREEMENT

FLOOR COVERINGS INTERNATIONAL®
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is entered into by and between Floorcoverings International, Ltd., a Georgia corporation ("FCI"), whose address is 5390 Triangle Parkway, Suite 125, Norcross, Georgia 30092 and the Franchisee identified in the Data Sheet ("You"). The information contained in the Data Sheet is incorporated into this Agreement.

BACKGROUND

A. Through the expenditure of money, time and effort, FCI has developed a distinct and proprietary business format for the operation of a professional business for the marketing of carpeting, window treatments and all other hard and soft floor covering products and any other products and services that FCI may designate in the future (the "System"), the distinguishing characteristics of which include proprietary operating procedures and standards and specifications for products and services, as amended from time to time in FCI's sole discretion.

B. The System is identified by proprietary trademarks, service marks, trade dress, logos and other indicia of origin including, without limitation, the trade name and service marks: "Floor Coverings International"; "Floor Coverings International/The Flooring Store at Your Door"; and "FCI" (collectively the "Proprietary Marks").

C. FCI offers franchises to qualified individuals for the right to use the System and Proprietary Marks within designated territories (the "Business").

D. You have applied to FCI for the right to operate a Business pursuant to the terms of this Agreement, and FCI has approved your application in reliance upon all of the representations made in your application, including those concerning your financial resources, your business experience and interests, and the manner in which the franchise will be owned and operated.

E. You acknowledge that you have read this Agreement and FCI's Franchise Disclosure Document, and that you have been given an opportunity to obtain clarification of any provision that you did not understand. You also understand and agree that the terms and conditions in this Agreement are necessary to maintain FCI's high standards of quality and service, and the uniformity of those standards at all FCI Businesses.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, mutually agree as follows:

ARTICLE I: GRANT OF RIGHT

A. Grant. FCI grants to you, and you hereby accept, a non-exclusive franchise to establish and operate one Business pursuant to the terms of this Agreement. Except as otherwise provided in this Agreement, you may only offer, sell and/or perform the following: carpeting, window treatments, painting and ancillary repair work, hard and soft floor covering products (the "Authorized Services") in (i) residential dwellings that contain less than five (5) units/apartments or condominiums, (ii) individual residential apartments or condominiums, (iii) single family homes, (iv) townhomes, or (v) light commercial services defined as commercial office space of less than 5,000 square feet (collectively, "Residential Services"); provided, however, such Residential Services shall not be performed for (a) any National Account customers, as defined in Article I.D, and (b) any contracts that exceed $50,000 in the aggregate for any one particular job. This Agreement does not grant you the right to establish additional Businesses.

B. Designated Marketing Area. You shall operate your Business only within the designated marketing

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area ("DMA") identified in, or (if the parties have not agreed upon a DMA at the time this Agreement is signed) to be identified, in the Data Sheet and DMA Addendum attached as Exhibit A-1 (the "Designated Territory"). You may not advertise or solicit clients or leads, except through National Account lead referral sources, within another franchisee's DMA unless such solicitation or marketing activity is in accordance with FCI's then current standards and procedures. Subject to the policies and procedures set forth in the Operations Manual, you may be permitted to provide services to customers located in an open DMA. Commercial Services Qualified Franchisees may advertise and market Commercial Services through the development of personal contacts and calls to prospective customers but FCI, through the Brand Fund or otherwise, has the sole and exclusive right to advertise and/or market Commercial Services through broadcast media, national publications or trade shows. During the term of this Agreement, so long as you are in substantial compliance with the terms and conditions of this Agreement, FCI will not establish or locate, or grant any third party the right to establish or locate, another FCI Business offering or performing Residential Services using the System and Proprietary Marks within the DMA, except as set forth in Article I.D. and I.E. below. You acknowledge and agree that other franchisees may provide Residential or Commercial Services within your DMA, subject to such franchisee's compliance with FCI's policies restricting advertisements and solicitations. This Agreement does not grant you any other territorial rights.

C. Reservation of Rights and Alternative Channels of Distribution. FCI retains the right to establish itself, or to grant others the right to establish, FCI Businesses outside the DMA. You acknowledge and agree that certain of FCI's or its affiliates' products, whether now existing or developed in the future, may be distributed in the DMA by FCI, its affiliates, its franchisees, licensees or designees, in such manner and through such channels of distribution as FCI, in its sole discretion, shall determine. Such alternative channels of distribution shall include, but are not limited to, sales of any products offered hereunder using the Proprietary Marks through the Internet or mail order. FCI reserves the right, among others, as to any distribution arrangements relating thereto. You understand that this Agreement grants you no rights: (i) to distribute such products as described in this section; or (ii) to share in any of the proceeds received by any such party therefrom.

D. National Accounts. The term National Account means any entity, customer, contract, or business which on its own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for 10 or more businesses whose presence is not confined within any one particular designated DMA.

1. FCI shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of itself, you, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to National Account customers, licensees or franchisees including locations within the DMA. Franchisee may not solicit or service any entity, customer, contract or site that is a National Account, as defined in the Franchise Agreement, whether within or outside the DMA, without FCI's prior written approval, which may be conditioned on such terms and conditions as FCI deems fit in its sole discretion, including FCI's right to exclusively negotiate the terms of any National Account, set additional training requirements and set the fees due FCI for services rendered in connection with any National Account contract.

2. Following the execution of a contract with or the acceptance of a bid by a National Account customer which contemplates the provision of services to one or more National Account customer location within the DMA, FCI may, at its option, provide you the option to perform such services pursuant to the terms and conditions of the National Account contract or on such terms and conditions as FCI in its discretion determines. In order to service any National Account customers, you must enter into FCI's then-current form of National Account participation agreement, the terms of which will govern all National Account work.

3. If FCI so chooses, or if you elect not to provide services to a National Account customer in conformity with the terms and conditions of the National Account bid or contract, FCI shall have the right, exercisable in its sole discretion, to:

i. provide, directly or through any other licensee or franchisee utilizing the Proprietary Marks, services to the National Account customer location(s) within the DMA on the terms and conditions contained in the National Account bid or contract; and/or

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ii. contract with another party to provide such services to the National Account customer location(s) within the DMA on the terms and conditions contained in the National Account bid or contract between FCI and the National Account customer, utilizing the Proprietary Marks or any other trademarks, service marks or trade names.

4. Neither the direct provision by FCI (or a franchisee, licensee, or agent of FCI) of services to National Account customers as authorized in Article I.D(3)(i) above, nor FCI's contracting with another party to provide such services as authorized Article I.D(3)(ii) above, shall constitute a violation of Article I.B of this Agreement relating to the DMA. You disclaim any compensation or consideration for work performed by others in the DMA pursuant to this section.

E. Commercial Services. The term Commercial Services means any particular residential job in which the total aggregate contract amount exceeds $50,000, whether or not it also constitutes a National Account as defined above, and any other flooring services not specifically identified as Residential Services above, including but not limited to any business or other commercial building, hotel or academic institution. In addition, Commercial Services include those jobs in which the total aggregate contract amount is less than $50,000, when the franchisee is performing the Authorized Services (i) in a nonresidential structure or nonresidential leasehold except for commercial office space of less than 5,000 square feet which is defined above as Residential Services; (ii) in a residential dwelling that contains more than five (5) units/apartments; (iii) as an extension of a job that originated in Franchisee's DMA; and (iv) for a Commercial Account. For purposes of this Agreement, a "Commercial Account" means any entity, customer or contract or business which on its own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for between 2 and 9 businesses whose presence is not confined within any one DMA.

1. Franchisee, upon payment to FCI of the then current one time non-refundable Commercial Services Licensing Fee, execution of FCI's Commercial Services Addendum and completion of FCI's Commercial Services Training Program and such other requirements as FCI from time to time may require, will be authorized to offer, sell and perform Commercial Services ("Commercial Services Qualified") for any entity, customer, contract or business, exclusive of a National Account anywhere within the United States, including Franchisee's DMA and the DMA or other franchisees, including the DMA of other Commercial Services Qualified franchisees. Accordingly, Franchisee acknowledges that other Commercial Services Qualified franchisees may perform Commercial Services within Franchisee's DMA using FCI's Proprietary Marks.

2. Franchisee acknowledges and expressly understands and agrees that until such time as Franchisee becomes Commercial Services Qualified, Franchisee shall have no right to Commercial Services contracts, or any other product or service not specifically defined as Residential Services, within the DMA and FCI or FCI Commercial Services Qualified franchisees may perform Commercial Services contracts within the DMA using FCI's Proprietary Marks. Except for Residential Services, Franchisee acknowledges that FCI may offer and perform, or license other franchisees the right to offer and perform, any approved products and/or services at any location within or outside the DMA under the Proprietary Marks, including but not limited to National Accounts, Commercial Services and any other non-Residential Services. You disclaim any compensation or consideration for work performed by others in the DMA pursuant to this section.

3. In cases where the Commercial Services are to be performed outside of Franchisee's DMA, Franchisee must, prior to accepting such work, notify FCI in writing and submit a written proposal describing the work Franchisee wishes to perform and the location of the job site, if applicable, and then obtain FCI's written consent to perform such work, which consent will not be unreasonably withheld. Franchisee acknowledges that certain FCI system franchisees have DMAs which provide for exclusive territories that would prohibit Franchisee from performing Commercial Services within their DMA and that FCI may withhold its consent for Franchisee to perform such work as a result.

F. Program Services. From time to time, FCI may establish certain programs for the benefit of its franchisees and the FCI System whereby FCI franchisees will be permitted to offer, sell and perform certain flooring services in accordance with the specifications described in any particular program established by FCI from time to time.

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Franchisee's participation in any particular program will be subject to the terms and conditions of such program.

ARTICLE II: TERM AND RENEWAL

A. Initial Term. Except as otherwise provided in this Agreement, the term of this Agreement shall be for a period of ten (10) years from the effective date hereof, as indicated on the Data Sheet. If this Agreement is executed as an Additional Franchise Agreement under an Additional Territory Option Agreement, then the term of this Agreement shall be deemed to have commenced with the effective date of the first franchise agreement and will run concurrent with it.

B. Renewal. You will have the right to renew its License for the Business for two additional five (5) year terms, provided you meets the following conditions:

1. You shall have delivered to FCI written notice, at least ninety (90) days, but not more than one hundred eighty (180) days, before the expiration of the term of this Agreement, of your election to renew;

2. You shall execute FCI's then current form of Franchise Agreement. The then current form of Franchise Agreement shall supersede this Agreement in all respects and terms, and may contain commitments and obligations that differ from the terms of this Agreement, including, without limitation, an increased Continuing Royalty or Brand Fund contribution;

3. You shall execute a general release in a format designated by FCI;

4. You must not be in default of any of your obligations to FCI;

5. As of the date of renewal, you must be in possession of all required vehicles, equipment, floorcovering samples, window treatment samples and other items required for operation of the Business, and all such items must conform to or comply with FCI's then current standards, specifications and requirements;

6. You and your employees must successfully complete any additional or refresher training then required by FCI; and

7. You must pay FCI a renewal fee in the amount of $10,000.

ARTICLE III: INITIAL AND CONTINUING FEES

A. Initial Franchise Fee. In consideration of the rights granted to you under this Agreement, you agree to pay to FCI an Initial Franchise Fee equal to Fifty-Three Thousand Dollars ($55,000) for a DMA ranging from 50,000 to 80,000 single family dwellings. If this Agreement is executed as an Additional Franchise Agreement under an Additional Territory Option Agreement, no Initial Franchise Fee will be charged.

The Initial Franchise Fee is payable at the time of the execution of this Agreement and are fully earned and nonrefundable upon payment, regardless of whether this Agreement is subsequently terminated, and is not contingent or conditioned on our performance of any pre-opening obligations. If you are a veteran that qualifies for the VetFran Program, your Initial Franchise Fee will be discounted by ten percent (10%).

B. Continuing Royalty Fees.

1. In addition to the Initial Franchise Fee and Territory Fee (if applicable), you shall pay FCI a monthly continuing royalty fee, through the term of the Agreement, in an amount equal to: (a) five percent (5%) of Gross Sales or (b) a minimum of $833 per month in your first twelve (12) months of operations (whole or partial), $1,250 per month for months thirteen (13) through twenty four (24) of operations, or $1,667 per month thereafter ("Continuing Royalty Fee"). If this Agreement is executed as the First Franchise Agreement under an Additional Territory Option

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Agreement, the minimum Continuing Royalty Fee is modified during the term of the Additional Territory Option Agreement to match the number of options you obtained under the Additional Territory Option Agreement, such that the minimum Continuing Royalty Fee required each month is multiplied by the number of options. If an option is not exercised, the minimum Continuing Royalty Fee in this Agreement is modified to reflect the number of Franchise Agreements that were executed under the Additional Territory Option Agreement. If this Agreement is an Additional Franchise Agreement, under an Additional Territory Option Agreement, the minimum Continuing Royalty Fee set forth herein begins on the date that the first Business commenced operations.

2. "Gross Sales," as used in this Agreement, shall be defined as the total of your sales invoices or other items or services billed to the customer for all "Completed Sales" during a given month, less any discounts, cancellations or returns allowed by FCI. In the event that Franchisee participates in any discount promotion, including but not limited to Groupon or similar sales promotions, Gross Sales will include the full retail value of the goods or services rendered to the customer before any discounts or commissions. Sales of products and services shall be deemed to be "Completed Sales" for purposes of reporting and payment to FCI when you complete the final installation of all products and/or services sold to the customer. Continuing Royalty Fees shall be payable on a monthly basis on all Completed Sales made by you during the preceding calendar month and shall be submitted to FCI with all sales reports and documentation required by FCI. Continuing Royalty Fees and all required sales reports and other documentation FCI prescribes must be received by FCI no later than the ninth (9th) day of each month for all Completed Sales during the preceding calendar month.

3. Your failure to pay monthly Continuing Royalty Fees to FCI within five (5) business days of the due date for such payment shall be a material breach of this Agreement.

4. Except as prohibited by applicable local, state, or federal laws, FCI reserves the right to apply any amount FCI receives from or on behalf of you first to Continuing Royalty Fees, and then to B.F. Contributions (as defined below), then due and owing. FCI also reserves the right to require you to sign a security agreement or other documents that allow FCI to hold a security interest in the payment obligations you owe to FCI.

5. The monthly period for determining Continuing Royalty Fee calculations and payments shall be defined as the calendar month.

C. Brand Fund Contribution.

1. In addition to the other fees and charges provided herein, you shall pay to FCI a Brand Fund Contribution (the "B.F. Contribution") in an amount equal to three percent (3%) of Gross Sales.

2. The terms and conditions applicable to your payment of B.F. Contributions shall be as set forth in Article III.B.

3. FCI shall have the right to spend Brand Fund monies, as it deems appropriate on any activities intended to build the strength of the FCI brand, including national, regional, or local media or other market techniques or programs designed to communicate the services of Floor Coverings International franchisees to the public, as well as on technology or other programs that improve the quality of the services provided to FCI customers. In addition, FCI may spend Brand Fund monies for market research and development, public relations programs, test or target marketing, the conducting of surveys, brand development and promotion, consulting and other related services to train franchisees on marketing or other brand-building techniques, creative and production costs, merchandising and merchandising program development, development and implementation of new technology, reimbursement to FCI for reasonable accounting, administrative (including the actual cost of salaries and benefits paid to FCI employees engaged in administration of the Brand Fund), and legal expenses associated with the Brand Fund, or for other purposes deemed appropriate by FCI to enhance and promote the general recognition of the Floor Coverings International System and Floor Coverings International Proprietary Marks.

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4. FCI has the sole right to determine and budget the specific use of the Brand Fund for the purposes set forth herein. You acknowledge that Brand Fund monies may be expended by FCI in any territory (national, regional, or local) without any requirement that any amount be expended for advertising in your DMA or that any expenditures from the Brand Fund be apportioned based on the amount of your B.F. Contributions, or by other formula or system. FCI shall in no event be deemed a fiduciary of you for or with respect to the Brand Fund or any other aspects of the System.

5. Franchisee agrees that any inquiries that FCI receives from potential customers for Commercial Services as a result of such promotion and marketing efforts (the "Leads") may be distributed by FCI to any Commercial Services Qualified franchisees in accordance with the FCI's policy regarding the distribution of Leads, as such policy may be amended from time to time. FCI does not represent or warrant that it will distribute any minimum number of Leads to you and you disclaim any right to receive compensation or consideration for any Lead or work performed by other Commercial Services Qualified franchisees pursuant to the FCI's Lead policy and Franchisee waives any claims in connection with the distribution of Leads and any compensation or consideration arising out of those Leads.

D. Dishonored Check Fee. FCI may charge you a fee of $25.00 for each check issued to FCI by you for monthly Continuing Royalty Fees, B.F. Contributions or other fees or payments due to FCI pursuant to this Agreement ("Payments"), which is dishonored by the financial institution on which the check is drawn.

E. Late Fee; Interest Charges. FCI may charge you a fee of $25.00 for each Monthly Report you are required to submit to FCI that is not postmarked by the ninth (9^{th}) day of the month in which it is due. In addition to any late fee, you shall pay FCI interest at the rate of one and one-half percent (1½%) per month or the maximum rate allowed under applicable law, whichever is less, on all past due Payments from the date due until the date payment in full is received by FCI.

F. Opening Package. You shall, no later than thirty (30) days prior to attending FCI Academy, pay FCI the then-current sum for the "Opening Package" of goods and services described in FCI's Franchise Disclosure Document.

G. Payments by Direct Bank Transfer. FCI shall have the right to require that you make all Payments by direct electronic bank transfer of funds ("Direct Transfer"). You will, from time to time during the term of this Agreement, execute such documents as may reasonably be required by FCI, FCI's bank or your bank to provide your authority and direction to its bank authorizing Direct Transfers. Such authorizations will permit FCI to designate the amount to be drafted or transferred from your account and to adjust such amount from time to time to the amount of the Payments due from you. If you fail at any time to provide required sales reports to FCI, FCI may debit your bank account for the same amount as the most recent debit to your bank account that was based on actual Gross Sales provided by you. You will, at all times during the term of this Agreement, maintain a balance in your bank account sufficient to allow the appropriate amount to be debited from your account for the Payments due to FCI.

ARTICLE IV: OBLIGATIONS OF FCI

A. Designated Marketing Area (DMA). FCI shall designate the marketing area which will serve as your DMA.

B. FCI Academy Training. FCI shall provide an "FCI Academy" training program relating to the Products and Services and the System. FCI Academy training shall consist of a home study course and a training program at FCI Headquarters in suburban Atlanta or other locations, including virtually, as designated by FCI. FCI shall provide initial FCI Academy training for you (or your principal shareholder or owner) and one other individual who is one of your principals or employees. FCI reserves the right to charge its then-current training fee for each additional individual requiring training on your behalf. The cost of FCI Academy training is included in the Initial Franchise Fee. You will be responsible, however, for all travel, lodging and related expenses incurred by your personnel in connection with attending the FCI Academy training.

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C. Operations Manuals. FCI shall lend you or give you access to a copy of each of FCI's training and operations manuals (the "Operations Manuals") for use during the term hereof.

D. Opening Package. FCI shall provide you with an Opening Package of goods and services, the contents of which are described in FCI's Franchise Disclosure Document. The fee for the Opening Package is payable at least thirty (30) days prior to attending training. If this Agreement is executed as an Additional Franchise Agreement under an Additional Territory Option Agreement, you will not receive, nor be obligated to pay for, an additional Opening Package, but you must update all product samples, sales materials and other items used in connection with the Business, including items necessary to form a complete then current Opening Package, to comply with the then current standards and specifications of FCI

E. On-going Training. In addition to the FCI Academy training, FCI shall make available to you additional training in marketing, sales, advertising, product selection, operational procedures and financial administration. The ultimate form, content and extent of the training, programs, and assistance shall be determined by FCI.

F. Operations and Marketing Updates. FCI shall, from time to time, update information and revise operations and marketing materials as new and improved products, methods, systems, and procedures are adopted for use in the FCI System.

G. Approved Suppliers. FCI shall provide approved suppliers and vendors of products, equipment, supplies and services for use and resale in connection with the operation of the Business.

H. Advertising Approval. FCI shall review all advertising materials submitted by you and shall approve or deny use of such advertising materials at FCI's sole discretion.

ARTICLE V: FRANCHISEE'S OBLIGATIONS

A. Promotion. You shall use your best efforts throughout the entire term of this Agreement to actively promote the Products and Services within the DMA, and to maintain and enhance whenever possible Floor Coverings International business relations, goodwill, and reputation with customers, suppliers, and others.

B. Use, Display and Ownership of Proprietary Marks.

1. You shall use and display the Proprietary Marks on all signage and printed materials used in connection with the Business. You shall use and display the Proprietary Marks only in the form and manner specified by FCI in or on any advertising, telephone listings, publicity, sales promotions, signs, the FCI Vehicle, letterhead, stationery, image apparel, or other materials used in connection with the Business. You shall only use the Proprietary Marks in connection with operating the Business and shall not use any Proprietary Marks in whole or in part for any purpose or in conjunction with any product, service or business not designated by FCI as part of the System.

2. You acknowledge and agree that the Proprietary Marks and the System licensed hereunder are owned exclusively by FCI and except for the limited rights of use expressly provided in this Agreement, you acquire no right, title, or interest therein.

3. You acknowledge that any and all goodwill associated with the Proprietary Marks and the System inures exclusively to the benefit of FCI. Upon termination of this Agreement, no monetary amount shall be attributable to you for any goodwill associated with your use of the System or the Proprietary Marks.

4. You shall not attempt to file or register any of the Proprietary Marks, in whole or in part, in your own name or the name of any other person, firm, association, or corporation, nor shall you use any of the Proprietary Marks, in whole or in part, as a part of a corporate or partnership name. You will not use or register any of the Proprietary Marks,

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in whole or in part, as an e-mail address or Internet domain name.

5. You shall not, during the term of this Agreement and after termination or expiration of this Agreement, contest or dispute the validity, enforceability or ownership of the Proprietary Marks or the System or take any actions that might dilute the goodwill associated therewith.

6. You shall immediately notify FCI upon becoming aware of any unauthorized use of or legal action involving the Proprietary Marks or the System and shall cooperate in FCI's prosecution or defense of any such action. FCI shall defend you in any infringement action in which you are named as a defendant solely because the plaintiff or claimant alleges that you does not have the right to use the Proprietary Marks or the System, provided that you has at all times used the Proprietary Marks and System in accordance with FCI's requirements and the terms and conditions of this Agreement, and provided further that you has tendered defense of the action to FCI within seven (7) days of your receipt of a summons and complaint in the action.

C. Initial Advertising Obligation. You shall spend at least Forty Thousand Dollars ($40,000) but may be required by us to spend up to Sixty Thousand Dollars ($60,000), in FCI-approved local advertising within a six-month period following your completion of the FCI Academy training program. You will use FCI's designated vendor and FCI's approved local advertising plan in conducting such local advertising for your Business. If this Agreement is executed as an Additional Franchise Agreement under an Additional Territory Option Agreement, no further initial advertising obligation is required.

D. Required Local Expenditures; Approved Advertising. You must use your best efforts to advertise the Business in the DMA and participate in any local marketing and promotional programs FCI establishes from time to time. In addition to the B.F. Contribution and the $40,000 to $60,000 initial advertising obligation, you are required to spend a minimum amount equal to six percent (6%) of Gross Sales on approved local marketing and promotion in the DMA. On or before January 31 of each year, you must provide FCI with itemization and proof of advertising and an accounting of the monies that you have spent for approved local advertising for the preceding calendar year (January through December). If you do not spend the minimum 6% amount, you shall pay to FCI any balance between the 6% required amount and what you actually spent during the year. This payment is due on or before January 31, and FCI may spend the monies in any way it desires. You shall use only FCI approved advertising in any media placement, promotion or solicitation materials employed by the Business. If you desire to publish any sales, advertising or promotional materials other than as described in Article V.C. (for which you must use FCI's approved local advertising vendor and plan), you shall obtain FCI's written consent at least thirty (30) days prior to the date of each such publication. FCI's consent shall not be unreasonably withheld. Additionally, FCI shall have the right to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to your Business. If a Cooperative has been established applicable to your Business at the time you begin operating under this Agreement, you must immediately become a member of such Cooperative and make the required contribution to the Cooperative's fund. If a Cooperative applicable to your Business is established at any later time during the term of this Agreement, you must become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative begins operation. You must comply with all guidelines and requirements applicable to the Cooperative, as set forth by FCI or by the Cooperative itself. FCI may require a Cooperative to be formed, changed, dissolved, or merged in its sole and absolute discretion.

E. FCI Vehicle. You shall acquire and maintain a FCI vehicle meeting FCI's specifications ("FCI Vehicle"), that may change from time to time, suitable for carrying samples to the customer's home or business; shall maintain the FCI Vehicle according to the standards established by FCI from time to time. You shall, from time to time, upon the request of FCI, submit documentation to FCI concerning the exterior condition of your FCI Vehicle. Such documentation shall consist of four photographs taken within two (2) weeks of submission, one of each view (front, rear, and sides) of the FCI Vehicle. If FCI deems that the FCI Vehicle is not in good physical appearance and condition, FCI shall promptly notify you of the requirement to purchase an FCI Vehicle that meets FCI standards and specifications. FCI shall not unreasonably deny consent to the use of a vehicle. If this Agreement is executed as an Additional Franchise Agreement under an Additional Territory Option Agreement, an additional Vehicle is not required, but you must have

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sufficient Vehicles to meet customer demand or otherwise as FCI requires in the Operations Manual.

F. Customer Relations and Refund Policies; Customer Information. You shall comply with all customer relations, guarantee and refund policies, which may be established from time to time by FCI in writing. You shall not issue any product or service guarantees except for manufacturers' guarantees and any guarantees prescribed by FCI. You must provide FCI with an up-to-date customer list, copies of customer sales invoices, and work order information in the form FCI prescribes, including, but not limited to, FCI's intranet or required software, as further described in Article V.T. FCI has the right to contact the customers to ascertain your quality of work and the level of customer satisfaction. You agree that all data collected from former, existing, and/or potential customers including customer names and addresses, discounts and credit extensions to customers, customer contracts, designs, and status information (collectively "Customer Information") are our trade secrets and Confidential Information. FCI owns the Customer Information and accounts and licenses you to use them during the term of this Agreement. You will not disclose Customer Information and our other proprietary information, trade secrets, and Confidential Information to third parties, including entering such information into public/open Artificial Intelligence models or any other AI model that uses such information to train the Artificial Intelligence unless specifically authorized by us in writing, and you agree to strictly adhere to our privacy policies we may now, or in the future, establish with respect to Customer Information. You may not use the Customer Information or account information for any purpose whatsoever other than in the normal conduct of the Business.

G. Publicity. You agree to allow FCI to use your name and photographic likeness of any type, including film, video tape, or photograph, in publicity of the System, without compensation to you.

H. Location.

1. You must, at your expense, provide the premises where the Business will be located. You must operate the Business out of an office space, and FCI must consent to your office location. Your office must be located in the DMA. The office (including any showroom that you establish) must be maintained and operated in accordance with the specifications and standards that FCI establishes periodically pertaining to signage, fixtures, accessory features and design and layout. You are solely responsible for obtaining all necessary permits and/or licenses for the location. You must not use the office and showroom premises for any purpose other than the operation of the Business without FCI's prior written approval. If this Agreement is executed as an Additional Franchise Agreement under an Additional Territory Option Agreement, you will not be required to open or maintain additional office space, but you must open any showrooms as may otherwise be required by FCI in the Operations Manual.

2. Within 60 days of the execution of this Agreement, and we suggest prior to attending training, you shall obtain a site from which to maintain your office within your DMA by (i) entering into a lease or sublease with the owner of a site or the prime tenant having possession of a site which is mutually acceptable to you and FCI; or (ii) purchasing real estate which is mutually acceptable to you and FCI. Upon location of a proposed site, you must provide FCI such site information as FCI may reasonably request to evaluate the proposed site for compliance with FCI's then-current site selection criteria. FCI will notify you of its acceptance or rejection of the proposed site within 30 days after receiving all requested information. FCI's acceptance of a site does not constitute any representation or guarantee concerning the site's viability or success. You are solely responsible for selecting a site for the operation of your Business. You must deliver to us an executed copy of the lease within 15 calendar days of execution of the lease.

3. FCI will permit you to relocate your office to a new approved location within the DMA, at your expense, if you lose the right to possess the premises through no fault of your own, or if the office is destroyed by vandalism, fire or act of God. FCI will approve the new site if it meets FCI's site selection criteria. You have no right to relocate the office without FCI's prior written consent.

I. Confidentiality. You shall not directly or indirectly reveal the contents of any portion of the System, FCI's proprietary information, trade secrets, manual, home study program, training manual, bulletin, Customer Information, Business, promotional plan, newsletter, report or publication except to your employees who require such

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information to fulfill their duties and have signed a Nondisclosure and Noncompetition Agreement in the form attached to this Agreement before receiving any such information.

J. Training and Certification.

1. You shall successfully complete the FCI Academy training program and receive from FCI competency certification prior to providing any Products and Services or otherwise operating the Business. You and your employees, partners or agents who provide Products and Services shall participate in such further training as FCI may require from time to time to maintain FCI's standards in connection with the operation of the Business.

2. You must participate annually in (i) any training or consultation with an FCI Franchise Support Manager as FCI may determine; (ii) at least one (1) regional training session that FCI holds for franchisees; and (iii) FCI's annual franchise convention. FCI may charge a reasonable fee for the regional training and convention.

K. Authorized Products and Services and Approved Suppliers. You must offer all authorized products and services and only those products and services that FCI specifies. FCI has the right to require you to purchase or lease any products including, without limitation, supplies, inventory items and equipment from designated or approved suppliers as well as to enter into service agreements with approved vendors (the "Authorized Products and Services"). FCI has the right to add, eliminate, modify and substitute any of the Authorized Products and Services or the designated suppliers in its sole discretion. If you wish to offer any product or service that FCI has not authorized or to acquire items or services from an unapproved supplier, you must request FCI's approval in writing and provide FCI all information it may reasonably need to evaluate the proposed product, service or supplier. FCI will make a good faith effort to notify you of its approval within 15 days of receiving such information. FCI's failure to approve a product, service or supplier within this 15-day period will constitute disapproval of the proposed product, service or supplier. If FCI approves your request to offer a new product or service or to acquire items from a new supplier, such approval will be only for the specific product, service or supplier for which approval was granted.

L. Compliance with Standards and Specifications. The Business shall at all times emulate the image intended for the System including, without limitation, its high standards of quality, cleanliness, convenience and courteous services. You shall comply with all of FCI's standards and specifications for, among other things, inventory, supplies, equipment and Business appearance, as they are disclosed to you in the Operations Manual or otherwise in writing. You shall purchase and place or erect, at your expense, all signs and interior and exterior graphics and only such signs and interior and exterior graphics, as well as vehicle signage, as FCI may from time to time prescribe for use by System franchisees.

M. Minimum Performance Standards. You shall use your full-time best efforts in promoting the Floor Coverings International Products and Services within the DMA. You make this commitment with the understanding that the application of your best efforts is required for the benefit of you as well as the entire Floor Coverings International franchise network. You must achieve minimum Gross Sales of: $200,000 during the first twelve (12) full or partial months of operation; $300,000 during months thirteen (13) through twenty four (24) of operations; $400,000 in months twenty five (25) through thirty six (36) of operations; and by $100,000 from the prior base year's minimum or 10%, whichever is greater, each year thereafter (by way of example, the minimum performance criteria in your 6th year of business will be the greater of $700,000 or a 10% increase over your 5th year Gross Sales, whichever is greater). Upon any renewal of the franchise, your minimum performance standard will be based on your previous obligations and not reset to $200,000.

If this Agreement is executed as the First Franchise Agreement under an Additional Territory Option Agreement, the minimum performance criteria described in this Article V.M. is modified during the term of the Additional Territory Option Agreement to match the number of options you obtained under the Additional Territory Option Agreement, such that the minimum "Gross Sales" required each year are multiplied by the number of options. If an option is not exercised, the minimum performance criteria in this Agreement is modified to reflect the number of Franchise Agreements that were executed under the Additional Territory Option Agreement. If this Agreement is an Additional Franchise Agreement,

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under an Additional Territory Option Agreement, the minimum performance criteria in set forth in this Article V.M. shall reflect the date that the first Business commenced operations.

N. Insurance. You shall obtain and maintain at your sole cost and expense, and keep in full force and effect during the term of this Agreement, commercial vehicle, comprehensive general liability insurance, and cyber insurance coverage with respect to your Business operations, as required by FCI, as set forth in this Agreement, the Operations Manual, or other written policies, as they may be updated from time to time. You shall also maintain such workers' compensation insurance as may be required by law. You will name FCI and its parent, FS Brands, Inc., as additional insureds ("Additional Insureds") on all policies, except for any required Workers' Compensation and Employers' Liability policies. Each such policy shall provide that the policy is primary over the coverage of FCI; cannot be canceled without 30 days prior written notice to FCI; and shall insure your contractual liability. The insurance carrier must be licensed in the State or Province in which the Business is located and must carry a rating of A+ or better by A.M. Best Co. FCI shall have the opportunity to approve the insurance carrier. You shall provide FCI with certificates of insurance within thirty (30) days of the opening of your Business, or at any other time thereafter as FCI may request. Further, you shall procure and maintain workers' compensation insurance coverage for all employees in accordance with applicable state law requirements.

O. Telephone Line Requirements; Central Telephone Service. You shall use two (2) telephone lines dedicated exclusively to the operation of the Business and answered "Floor Coverings International." You shall maintain a receptionist or answering service at all times during normal business hours (9-5). You shall have a telephone voice mail system for non-business hours. You shall participate in, and share with other Floor Coverings International franchisees the proportionate costs (including, but not limited to, telephone line charges, answering services, Yellow Pages advertising and listings, general advertising and clerical costs associated with the collection and distribution of all telephone messages), of a central telephone service. Applicability and timing of the initial installation of the central telephone service shall be at the sole discretion of FCI.

P. Personnel Management. You shall be solely responsible for properly training your employees (which shall include the obligation to send employees to FCI mandated training programs), providing your employees with FCI approved image apparel, and complying with all applicable federal, state, and local laws regulating your work force. You shall pay all contributions, taxes, and assessments on payrolls or other charges under all applicable federal, state, and local laws, including withholding from wages from your employees where required. You shall comply with all federal, state, local laws and regulations regarding compensation, hours of work or other conditions of employment including, but not limited to, all laws and regulations regarding minimum compensation, overtime pay, Title VII, equal employment opportunities or any other similar requirements.

Q. Product Sample Updates. You shall, at your expense, update your product samples and carpet sample boards as and when directed by FCI and shall at all times maintain a set of all product samples, as designated by FCI, which represents the complete then current FCI line of floor covering products.

R. Post Office Changes to DMA. You shall notify FCI within one (1) week of any adjustment by the United States Postal Service to the Postal Codes that comprise the DMA. FCI reserves the right to amend or modify this Agreement as may be necessary to modify the boundaries of the DMA as a result of any such changes, FCI's determination of the modified DMA shall be final and conclusive.

S. Computer Hardware and Software. You shall, at your expense, obtain and maintain such computer hardware, peripherals and software, including financial reporting software and any proprietary FCI software programs, as may be designated by FCI from time to time as being required for the operation of the Business. You must lease any proprietary FCI software programs from FCI or its designated third-party supplier, which software will remain the confidential property of FCI or the third-party supplier. You and FCI will enter into Franchisor's standard form computer software license agreement in connection with your use of any proprietary FCI software programs. FCI will have the right, upon sixty (60) days' notice, to charge you a reasonable monthly fee for computer software maintenance and support that FCI or its designee may provide to you respecting such proprietary software. You agree that FCI has the right to require you to update or upgrade computer hardware components, Software, and/or cloud-based

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subscriptions as FCI deems necessary, in its sole discretion, from time to time, with no limitations as to the number or cost of such updates or upgrades. You must take all steps, including but not limited to those related to visibility and management of your Business network, that are necessary to ensure that your Business is compliant with all data privacy and security laws and Payment Card Industry Data Security Standards (PCI DSS) requirements, as such standards may be revised and modified by the PCI Security Standards Council (see pcisecuritystandards.org), or such successor organization or standards that we may reasonably specify. You shall, at your expense, maintain high-speed (DSL or equivalent) Internet access and an e-mail address throughout the term of this Agreement, in accordance with FCI requirements, for purposes of communication with FCI and other franchisees and to obtain access to FCI's intranet resources and information. You will not establish a website or home page on the Internet ("Home Page") or otherwise advertise on the Internet or any other public computer network in connection with the Business, including any profile on Facebook, TikTok, X (formerly Twitter), LinkedIn, Plaxo, YouTube or any other social media and/or networking site, without the prior written consent of FCI. All features of any proposed Home page, including its domain name, content, format, and links to other websites, must be approved by FCI prior to activation of the home page. Your home page must advertise only your Business, and all content and information that you maintain on the Home page will at all times be subject to the provisions of this Agreement, including provisions of this Agreement relating to trademark usage, conditions on the business to be conducted by you pursuant to this Agreement, advertising approval, confidentiality, and product and service limitations. You will not link your Home page to any Internet site other than FCI's Internet home page without FCI prior written approval. You agree to use any computer network, intranet system, extranet system, email, and handheld devices required or authorized for use in connection with the Business in strict compliance with FCI's standards, protocols, and restrictions that FCI includes in the Operations Manual or in our other written policies, which include but are not limited to FCI's privacy policies, encryption requirements, data and IT security policies - including the implementation of phishing and other security awareness programs and training, cyber incident notification requirements, and Artificial Intelligence policies. You further agree not to violate FCI's privacy policies or user terms on our Website.

T. Annual Convention. You must attend FCI's annual convention each year. FCI may charge a fee and you will be responsible for paying for your own lodging, meals and transportation to and from the convention.

U. Compliance with Applicable Laws. You must comply with all applicable laws, ordinances and regulations or ruling of every nature whatsoever which in any way regulate or affect the operation of your Business. You must also comply with federal, state, and local health and consumer protection laws and regulations governing contractors and the home improvement industry, lead paint and other hazardous substances, tax laws and regulations, including state and local sales tax requirements, and local labor regulations, including minimum age and minimum wage laws. You also must comply with all applicable laws pertaining to the privacy of the customer, employee, and transactional information and other applicable data protection laws that are applicable to the FCI franchise system as a whole. You will have sole authority and control over the day-to-day operations of your Business and your employees and/or independent contractors. You agree to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will you or your Business' employees be deemed to be employees of FCI or FCI's affiliates.

ARTICLE VI: NONCOMPETE OBLIGATIONS

A. During the Term of this Agreement. During the term of this Agreement, neither you nor any of your principals shall, directly or indirectly, through corporations, partnerships, limited liability companies, trusts, associations, joint ventures, or other unincorporated businesses, perform any services for, engage in or acquire, participate or have any financial or other interest in any other business offering carpeting, window treatments, hard and soft floor covering products or other services or products offered by FCI Businesses; provided, however, that this provision shall not apply to the operation of any other FCI franchised business pursuant to a valid franchise agreement with FCI.

B. After the Term of this Agreement. For a period of 2 years following termination or expiration of this Agreement, or the termination of any principal's interest in the Business, neither you nor any of your principals shall, directly or indirectly, through corporations, partnerships, limited liability companies, trusts, associations, joint ventures,

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or other unincorporated businesses, perform any services for, engage in or acquire, participate or have any financial or other interest in any other business offering carpeting, window treatments, hard and soft floor covering products or other services or products offered by FCI Businesses: (1) within the DMA; (2) within a 25 mile area surrounding the perimeter of the DMA; (3) within a 10 mile radius of any FCI Business in existence on the date of expiration or termination of this Agreement; or (4) within a 10 mile radius of the location of any National Account or Commercial Services job that Franchisee performed during the term of this Agreement. However, this provision shall not apply to the operation of any other FCI Business franchised business pursuant to a valid franchise agreement with FCI. The aforesaid 2-year period shall be tolled during any period of noncompliance.

For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither you, nor your partners or shareholders or any member of your immediate family members or your partners or shareholders shall, directly or indirectly, for yourself or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from then existing or prospective FCI National Accounts or customers with whom your former FCI franchise did business in the preceding 5 years for any related or competitive business purpose nor solicit any employee of FCI or any other FCI System franchisee to discontinue his employment.

For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither you, nor your partners or shareholders or any member of your immediate family or your partners or shareholders shall, directly or indirectly, for yourself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any company which engages in any business competing in whole or in part with FCI franchisees, solicits work for FCI franchisees which otherwise would fall under the National Account Program, or which grants franchises or licenses for any business competing in whole or in part with Franchisor.

C. Publicly-Owned Entity. This section shall not apply to your or any other person subject to this section's ownership of a beneficial interest of less than five percent (5%) in the outstanding securities or partnership interests in any publicly-held entity.

D. Spouses and Immediate Family Members. It shall be deemed a breach of this Agreement if your spouse or children engage in any of the prohibited conduct.

E. Reformation. It is the intention of the parties that this section be enforced to the fullest extent possible. If a court shall determine that it is not enforceable as drawn, then it shall be reformed and enforced to the fullest extent lawful in the jurisdiction.

ARTICLE VII: ACCOUNTING AND RECORDS

A. Records and Books of Account.

1. You shall, using the forms designated by FCI, keep and preserve complete business and financial records for the Business, including without limitation records of advertising copy and expenses, customer appointments, retail sales, supplier orders, installation orders, completed customer orders, cash receipts and disbursements, and such other information as may be necessary for the orderly operation of the Business.

2. You shall submit to FCI standard reports as may be required by FCI including, but not limited to:

a. Copies of individual customer sales invoices and all other customer information FCI prescribes, which shall be submitted to FCI with your monthly Sales and Royalty Reports the month following the month in which the sales invoice is issued to the customer;

b. A monthly Sales Report listing of all sales that have been completed during that month, which shall

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be submitted to FCI no later than the ninth (9th) day of each month for Completed Sales during the preceding month;

c. Annual income statements and balance sheets, in a format designated by FCI, which shall be submitted by FCI no later than two (2) months after the end of your fiscal year;

d. Full copies of all federal and state income and sales tax returns and reports filed by you, including all schedules thereto; and

e. Any additional records, accounts or statements as FCI may require from time to time.

B. Right To Audit your Records.

1. You shall allow FCI or our designated representatives from time to time at reasonable hours to inspect, examine and/or audit your systems and controls, advertising materials and supplies, customer orders and other customer information, methods of production and sales, books of account, tax returns (both business and personal), and other business and financial records (collectively, "your Business and Financial Records") to insure compliance with the terms and conditions of this Agreement. Your failure to allow FCI to inspect, examine and/or audit your Business and Financial Records shall be a material breach of this Agreement.

2. Any inspection, examination or audit by FCI of your Business and Financial Records shall be the expense of FCI unless the inspection, examination or audit is deemed necessary by FCI due to your failure to prepare or forward required reports, or if an inspection, examination or audit discloses an understatement in any payment of three percent (3%) or more. In either such event, you shall, in addition to repaying any unreported or understated amount with all interest accrued thereon, reimburse FCI for any and all costs and expenses connected with the inspection, examination or audit, including, without limitation, travel, lodging, and wage expenses and reasonable accounting and legal costs. The foregoing remedies shall be in addition to any other remedies FCI may have.

ARTICLE VIII: TRANSFERABILITY OF INTEREST

A. Your Right To Transfer.

1. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, in the case of a corporate or partnership you, to your partners, officers or shareholders), and that FCI has entered into this Agreement with you in reliance upon individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you. Accordingly, neither this Agreement nor any part of the Business (or any interest therein granted pursuant to this Agreement) may be transferred without the prior written approval of FCI. Any attempted or purported transfer without prior written approval from FCI shall constitute a material breach of this Agreement and shall convey no rights to or interests in this Agreement or in the Business to the purported transferee.

2. As used in this Agreement, the term "transfer" shall mean and include the voluntary or involuntary, direct or indirect, assignment, sale or other transfer by you of:

a. Any interest in this Agreement;

b. Any part or all of the ownership of you;

c. The Business or any interest therein;

d. Any Zip Codes or other portions of your DMA;

e. The transfer of ownership of capital stock, membership interest or partnership interest in you or the Business;

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f. The merger or consolidation, or issuance of additional securities representing an ownership interest in the Business;

g. The sale of common stock or other ownership interest in you pursuant to a private placement or registered public offering;

h. The transfer of an interest in you or the Business pursuant to a divorce proceeding or otherwise by operation of law;

i. The transfer of an interest in you or the Business by will, declaration of transfer in trust, or under the laws of intestate succession in the event of the death of you or an individual owner of you; or

j. The transfer, not in the ordinary course of business, of significant assets of the Business including specifically, but not exclusively, customer lists, telephone listings, telephone numbers, samples, the FCI Vehicle, and/or Business and Financial Records.

B. FCI Right of First Refusal. You may not sell, transfer, assign, or otherwise convey any interest in you, this Agreement or substantially all or all of the assets of the Business without first offering such interest to FCI in writing at the same price and terms, exclusive of broker fees, as offered by a third party in a bona fide purchase offer. FCI may accept the offer in writing at any time within sixty (60) days of the receipt of the written offer by you. If FCI accepts the offer, FCI and you shall close the transfer transaction, on the terms and conditions stated in the offer, within sixty (60) days of acceptance by FCI. If FCI declines or does not accept the offer within that time period, you may, subject to the conditions set forth in this Article VIII, transfer such interest to the third party, at the price and on the terms offered to FCI. If the transfer of such interest is not closed by you within six (6) months from the date of the offer to FCI, then you must re-communicate the offer to sell to FCI before closing any transfer to any third party.

C. Approval Procedure.

1. FCI shall not unreasonably withhold approval of a proposed transfer that meets all the applicable requirements of this Article VIII.C. You acknowledge that FCI entered into this Agreement in reliance upon and in consideration of the personal qualifications and representations of you if you are an individual, or of those individuals who will actively and substantially participate in the operations of the Business if you are a corporation, partnership or limited liability company, and therefor acknowledge that the restrictions on transfer set forth in this Article VIII are reasonable and necessary to protect FCI, the System, the Proprietary Marks and other Floor Coverings International franchisees.

2. If the transfer is of a controlling interest in the License, or is one of a series of transfers, which, in the aggregate, constitute the transfer of a controlling interest in the License, all of the following conditions must be met:

a. The transferee must meet then applicable standards of FCI for franchisees, must have, in the opinion of FCI, in the context of the proposed transfer, sufficient business experience, aptitude, business reputation and credit rating, financial resources and capital to properly operate the Business as it exists at the time of transfer (which may require additional financial resources and capital than FCI otherwise requires of new franchisees), must have passed FCI's interview qualification process, and must not be involved in any business which is competitive with or similar to a Floor Coverings International Business;

b. You must pay all Continuing Royalty Fees, B.F. Contributions, accounts payable, and other amounts owed to FCI, including those due for the month in which the transfer takes place, and must otherwise be in full compliance with this Agreement as of the proposed transfer date;

c. The transferee or managerial employee(s) of transferee acceptable to FCI must have successfully

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completed the FCI Academy training program;

d. The transferee must have acquired an FCI Vehicle which complies with FCI's requirements as described in Article V.F of this Agreement, and must have updated all product samples, sales materials and other items used in connection with the Business, including a complete then current Opening Package, to comply with the then current standards and specifications of FCI;

e. The transferee and its shareholders, partners or members must sign a new franchise agreement in the standard form then being offered by FCI, together with a personal guaranty of the transferee's obligations under the franchise agreement, and enter into its own technology licenses as may be required by new FCI Businesses at the tie of transfer;

f. You or the transferee must pay FCI a transfer fee of Fifteen Thousand Dollars ($15,000) for each Franchise Agreement and/or Additional Territory Option Agreement that is being transferred for the training, legal, accounting and other expenses incurred by FCI in connection with the transfer;

g. You and your shareholders, partners or members must execute a general release in a form satisfactory to FCI of any and all claims, known or unknown, against FCI and its officers, directors, employees, and agents (A sample form is attached as Exhibit "A-4");

h. FCI must have waived its right of first refusal to purchase and must approve the material terms and conditions of the transfer, including, without limitation, that the price and terms of payment are not so burdensome as to have a material adverse effect on the continuation of the Business, and you must prepare, and obtain FCI's approval of, a complete and itemized list of items required to meet FCI's then current standards, including technology license, and the associated cost of those items, and provide such list and costs to the transferee in advance of the transfer. In the event that the list you provide is incomplete or inaccurate, the transferee will be responsible and assume the liability for, any monies owed to FCI, a required vendor, or warranty work following the transfer, including but not limited to acquiring any additional product samples or other equipment that the Business may be later found to be missing;

i. You and your shareholders, partners or members must execute such agreements as FCI may reasonably require evidencing their continuing obligations under the noncompetition and nondisclosure provisions of this Agreement;

j. You pay any broker commission or other costs that may be due or required arising from the transfer;

k. You and your shareholders, partners or members must execute an agreement with FCI providing that all obligations of the transferee to make installment payments of the purchase price or interest thereon to you shall be subordinate to the transferee's obligations to pay Continuing Royalty Fees, B.F. Contributions, and other amounts to FCI and to suppliers of Products and Services to be sold by the Business; and

l. The transfer and License will not cause an interruption in the operation of the Business.

D. Transfer to a Spouse or Child. In the event of a transfer of a controlling interest in the Business to the spouse or a child of yours, the transfer fee set forth in Article VIII.C.2.f shall not be assessed.

E. Transfer Upon Death or Disability. Upon your death or permanent disability as defined under the Social Security Act, the executor, administrator, conservator, or other personal representative of you shall transfer your interest in this Agreement to a third party only upon approval of FCI. Such transfer shall be completed within a reasonable time and shall be subject to all the terms and conditions applicable to assignments contained in Article VIII.C of this Agreement. If your interest is not transferred within a reasonable time, FCI may terminate this Agreement.

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F. Transfer to your Corporation. If you are an individual and desire to assign your rights under this Agreement to a corporation, partnership or limited liability company, and if all of the following conditions are met, FCI will consent to the transfer without assessing the transfer fee set forth in Article VIII.C.2.f:

a. The individual or individuals who executed this Agreement must remain the owner(s) of not less that fifty-one percent (51%) of the total voting capital shares, partnership interests or membership interests of the entity;

b. The corporation, partnership or limited liability company will conduct only the Business;

c. Each officer, director, and holder of ten (10) or more percent of the entity's issued and outstanding shares, partnership interests or membership interests shall execute a personal guarantee of the entity's contractual and financial obligations, together with a nondisclosure and noncompetition agreement, both in the standard form that FCI requires, All such personal guarantors agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and nonrenewal of this Agreement as if each were an individual party to this Agreement in his or her individual capacity;

d. Each certificate representing shares, partnership interests, or membership interests clearly indicates that the ownership interest represented by the certificate is subject to the terms of this Agreement; and

e. The entity's internal governing documents reflect that the shares or ownership interest are so restricted.

G. FCI Right To Transfer. This Agreement inures to the benefit of FCI and to its successors and assigns. FCI has the right to sell, transfer, assign, and/or encumber all or any part of FCI's interest in, and the rights and obligations under, this Agreement in FCI's sole and absolute discretion, without obtaining your consent.

ARTICLE IX: VIOLATION AND TERMINATION

A. Automatic Termination. You shall be deemed to be in default under this Agreement and all rights granted to you hereunder shall terminate automatically without notice to you upon the occurrence of any of the following:

1. You or a Guarantor becomes insolvent, makes a general assignment for the benefit of creditors, or is adjudicated a bankrupt, unless otherwise restricted by the relevant bankruptcy laws; or

2. A petition in bankruptcy for liquidation, reorganization, or other proceeding is filed by or against you; or a receiver is appointed or a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your Business or assets is allowed; or the real or personal property of you are attached or levied upon by any sheriff, marshal, or constable.

B. Termination for Incurable Defaults. You shall be deemed to be in default under this Agreement and FCI may, at its option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon receipt of notice by you, upon the occurrence of any of the following:

1. Unless prior approval is obtained in writing from FCI, you voluntarily abandon or cease to actively operate the Business, which is defined as any of the following:

a. two (2) consecutive calendar months without Completed Sales; or b.

disconnecting the telephone line for the Business; or

c. not having an FCI Vehicle which complies with FCI standards and requirements.

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2. You or any of your officers or directors is convicted or pleads no contest to a felony or other crime or offense related to the operation of the Business or that FCI reasonably believes is likely to have an adverse effect on the Proprietary Marks, the goodwill associated therewith, or any interest of FCI therein;

3. You make a material misrepresentation or omission relating to the acquisition of the Business, knowingly maintain false Business and Financial Records, submit any materially false reports to FCI, or fail to submit standard reports as provided under Article VI;

4. You fail on three (3) or more occasions within any twelve (12) month period to comply with any material provisions of this Agreement, whether or not such failures to comply are cured after notice of default to you;

5. You (including your shareholders, guarantors or agents) engage in activities or conduct which materially impair the goodwill associated with the System or the Proprietary Marks and fail to correct such activities or conduct within twenty-four (24) hours of receipt of written notice of breach from FCI;

6. You (including your shareholders, guarantors or agents) engage in any repeated solicitation of sales outside the DMA, except as specifically authorized pursuant to Article I;

7. You or any other person(s) required to complete training fail to complete any required training in a manner satisfactory to FCI;

8. You disclose FCI trade secrets or other confidential information to persons unauthorized by this Agreement to receive such information or misuses FCI trade secrets or other confidential information;

9. You attempt or complete an unauthorized relocation, transfer, assignment, sale or encumbrance of the License, your right, title or interest under this Agreement or the Business;

10. You misuse or make any unauthorized use of the Proprietary Marks or any other identifying characteristic of the System;

11. You fail to submit required monthly reports as set forth in Article VII.A.2 for two (2) consecutive calendar months;

12. You fail to meet the Performance Criteria set forth in Article V.M.; or

13. You fail to attend FCI's annual franchise convention or any other required meeting.

C. Curable Defaults. Except as otherwise provided in this Article VIII, you shall have a period of time fifteen (15) days for default in making Payments to FCI, thirty (30) days for other defaults, or such longer period as may be imposed under applicable law, the "Cure Period"), after receipt from FCI of a written notice of breach within which to remedy any default specified below and to provide evidence of cure to FCI. If any such default is not cured within the Cure Period, this Agreement shall terminate without further notice to you effective immediately upon expiration of the Cure Period. Such defaults shall include, without limitation, the occurrence of any of the following events:

1. You fail, refuse, or neglect to make any Payments due to FCI;

2. You fail to submit or accurately report your Gross Sales to FCI or fail to accurately submit any other report required under this Agreement;

3. You fail to obtain or maintain all business licenses required for the operation of the

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Business;

4. You fail to abide by, perform or comply with any material provision, standard, specification, operating procedure or requirement set forth in this Agreement, as it may reasonably be supplemented by the Operations Manuals and other rules and regulations of the System applicable to the operation of the Business;

5. You default in the observance of performance of any requirement or obligation contained in any Promissory Note payable to FCI or in any other contract between you and FCI;

6. You refuse to allow FCI to audit your Business and Financial Records;

7. You fail to attend and successfully complete the FCI Academy training program described in Article IV within one hundred eighty (180) days following the effective date of this Agreement;

8. You fail to meet your Initial Advertising Obligations pursuant to Article V.C.;

9. You fail to make the Required Local Expenditures pursuant to Article V.D.;

10. You fail to timely submit to us annual income statements and balance sheets as set forth in Article VII.A.2; or

11. Any of the events set forth in Article VIII.B, to the extent that applicable law requires that you be afforded an opportunity to cure such default prior to termination of this Agreement.

ARTICLE X: RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION, TERMINATION OR NON-RENEWAL

A. Your Obligations. Upon expiration or termination of this Agreement for any reason, and regardless of any dispute which may exist between the parties, you shall:

1. Immediately: (a) cease using and thereafter abstain from using all aspects of the System and Proprietary Marks in all respects, as well as all signs, structures, vehicles, and forms of advertising indicative of FCI or the Business or the Products and Services offered by the Businesses, and you will not thereafter conduct or promote any business under any name or in any manner that might tend to give the general public the impression that you are continuing to operate as a franchisee of FCI; (b) make or cause to be made such changes in your signs, buildings, vehicles and structures as FCI shall reasonably direct to effectively distinguish them in appearance from those used in the Businesses; (c) assign to FCI all telephone numbers used in directory listings and advertising in which any of the Proprietary Marks are used; (d) terminate any assumed name registration which you may have maintained authorizing use of the Proprietary Marks; and (e) terminate or cease using all domain names or e-mail addresses maintained by you which contain any aspects of the System or the Proprietary Marks, and delete all content containing the Proprietary Marks or any references to FCI or the Floor Coverings International Businesses from any Home page maintained by you;

2. Within ten (10) days, ship all customer lists, contracts and other customer information FCI requests, all product samples, printed forms, advertising pieces and manuals bearing the Proprietary Marks, (all of which are acknowledged by you to be the property of FCI) and photographic proof of FCI Vehicle de-striping, freight prepaid, in good condition, to an address designated by FCI; and

3. Pay to FCI, as directed, within fifteen (15) days after the effective date of termination or expiration such Initial Franchise Fee, Territory Fee, Continuing Royalty Fees, B.F. Contribution, amounts owed for purchases by you, interest due on any of the foregoing, and all other amounts which are then due and unpaid. Nothing herein shall prevent FCI from pursuing damages for a breach of your obligations hereunder.

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B. FCI Rights. FCI shall have the right to audit your Business and Financial Records in accordance with Article VII.B following expiration or termination of this Agreement. FCI also has the right to enforce its rights under any form of security agreement. If you shall fail or omit to take or cause to be taken any of the actions required pursuant to this Article, then FCI shall have the right but not the obligation to enter upon the Business premises without being deemed guilty of trespass or any other tort, and shall have the right to make such changes or cause them to be made at the expense of you, which expense you shall pay to FCI on demand. This right includes authority to communicate directly with the companies which furnish telephone line service or directory publishing (printed and electronic) to enforce your agreement to transfer all telephone numbers and directory listings to FCI. You agree to reimburse FCI for all costs, expenses and legal fees incurred by FCI in enforcing your obligations under this Article.

C. Post Term Competition. Following expiration or termination of this Agreement for any reason, you and your partners or members, if you are a partnership or limited liability company, your officers, directors, and shareholders if you are a corporation, shall comply in all respects with the nondisclosure and noncompetition provisions of Article V.I and Article VI of this Agreement.

ARTICLE XI: INDEMNIFICATION

You will indemnify and hold FCI harmless against, and will reimburse FCI for, all damages for which FCI is held liable and for all costs incurred by FCI in the defense of any claim or action brought against FCI arising from, in connection with, arising out of, or as a result of your negligence, your wrongdoing or the operation of the Business including, without limitation, attorneys' fees, investigation expenses, court costs, deposition expenses, and travel and living expenses. You will indemnify FCI, without limitation, for all claims and damages arising from, out of, in connection with, or as a result of: (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of you or your employees, agents or representatives; (b) any failure on the part of you to comply with any requirement of any laws or any governmental authority; and, (c) any failure of you to pay any of your obligations to any person or entity; (d) any failure of you to comply with any requirement or condition of this Agreement or any other agreement with FCI; (e) any misfeasance or malfeasance by you; and (f) any tort. FCI will have the right to defend any claim made against it arising from, as a result of, in connection with or out of your negligence or the operation of the Business. You will pay all attorneys' fees, costs and expenses incurred by FCI in enforcing any term, condition or provision of this Agreement or in enjoining any violation of this Agreement by you. The indemnification and other obligations contained herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE XII: DISPUTE RESOLUTION

A. Mediation.

1. At FCI's option, all claims or disputes between you and FCI or its affiliates, officers, directors, employees, or agents arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this agreement, shall be submitted first to mediation, in Norcross, Georgia under the auspices of the American Arbitration Association ("AAA"), in accordance with the AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against FCI or its affiliates with respect to any such claim or dispute, you must submit a notice to FCI, which specifies, in detail, the precise nature and grounds of such claim or dispute. FCI will have a period of 30 days following receipt of such notice within which to notify you as to whether FCI or its affiliates elect to exercise its option to submit such claim or dispute to mediation. You may not commence any action against FCI or its affiliates with respect to any such claim or dispute in any court unless FCI fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by FCI. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees. FCI's right to mediation, as set forth herein, may be specifically enforced by FCI.

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2. FCI shall not be required to first attempt to mediate a controversy, dispute or claim against you through mediation as set forth in Article XII.A(1) if such controversy, dispute or claim concerns an allegation by FCI that you have violated (or threatens to violate, or poses an imminent risk of violating):

i. any of FCI's federally protected intellectual property rights in the FCI Proprietary Marks, the FCI System or in any of FCI's Confidential Information;

ii. Any claims pertaining to or arising out of or pertaining to any warranty issued; or

iii. any of the restrictive covenants contained in this Agreement.

B. Third Party Beneficiaries. FCI's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by you.

C. Injunctive Relief. Nothing contained in this Agreement herein shall prevent FCI from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect FCI's interest prior to the filing of any proceeding or pending the trial or handing down of a decision or award pursuant to any proceeding conducted hereunder.

D. Jurisdiction and Venue. With respect to any proceeding not subject to, or unresolved by, mediation, the parties agree that any action at law or in equity instituted against either party to this Agreement shall be commenced only in the Georgia State Court having jurisdiction over Norcross, Georgia or the United States District Court for the Northern District of Georgia.

E. Jury Trial and Class Action Waiver. The parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or your purchase from FCI of the franchise and/or any goods or services. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between you, your guarantors, and FCI or its affiliates or employees may not be consolidated with any other proceeding between FCI and any other person or entity.

F. Waiver of Punitive Damages. You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

G. Attorneys' Fees. If either party institutes any judicial proceeding to enforce any monetary or nonmonetary obligations or to interpret the terms of this Agreement, the prevailing party shall, upon final judgment, be entitled to recover all costs, including reasonable attorneys' fees, incurred with such proceeding.

ARTICLE XIII: RELATIONSHIP OF PARTIES

You are and shall be considered an independent contractor with entire control and direction of your Business and operations, subject only to the conditions and obligations established by this Agreement. No agency, employment, joint venture, or partnership is created by this Agreement nor is it intended that any third-party beneficiary or fiduciary

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relationship is hereby established. Your Business is separate and apart from any that may be operated by FCI. No party to this Agreement shall make representations tending to create apparent agency, employment, or partnership. Except as expressly set forth in this Agreement, no party shall have authority to act for another in any manner to create obligations or debts binding on the other, and no party will be responsible for any obligations or expenses whatsoever of another. Neither you nor any person performing any duties or engaged in any work at the request of you shall be deemed an employee or agent of FCI. You shall decide what price to charge for your Products and Services. Such prices should be reasonably competitive in your local market area. Even though this Agreement contains provisions requiring you to operate your Business in compliance with the System: (i) FCI and FCI's affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of your Business or employment decisions; and (ii) you and FCI do not intend for FCI or FCI's affiliates to incur any liability in connection with or arising from your use of the System or the operation of the Business, whether or not in accordance with the Operations Manuals.

ARTICLE XIV: MISCELLANEOUS

A. Construction. All references herein to the singular or plural shall be construed to include the other where applicable, and the masculine or feminine to include the other and neuter genders; and all covenants, agreements and obligations herein assumed by you shall be deemed to be joint and several covenants, agreements and obligations of the several persons named herein as you; or, if you are a corporation, partnership or limited liability company, then all covenants, agreements and obligations herein assumed by you shall be deemed to be joint and several covenants, agreements and obligations of you and the individual or individuals signing on behalf of you.

B. Severability. All provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. The provisions of any valid, applicable law or rule requiring a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder or the taking of some action not required hereunder, or if under any applicable and binding law of any jurisdiction, any provision of this Agreement is invalid or unenforceable, the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision will be modified to the extent required to be valid and enforceable.

C. Effect of Waivers. No waiver by FCI of any default in performance on the part of you, time being of the essence hereof and of the performance hereunder, or like waiver by FCI of any breach or series of breaches, or any of the terms, covenants or conditions of this Agreement, and no practice of the parties at variance with the terms hereof shall constitute a waiver of any subsequent breach or a waiver of the same or different terms, covenants, or conditions.

D. Remedies. If FCI commences any action in law or in equity against you to secure or protect the rights or remedies of FCI under this Agreement, FCI shall be entitled to recover as part of any judgment entered therein in its favor reasonable costs of collection or litigation, as the case may be, including but not limited to legal fees and reasonable legal expenses of outside counsel, court costs, investigative fees, mediation fees, in-house counsel and legal assistant costs and damages. Neither this remedy nor any other remedy exercised by FCI shall be deemed exclusive, but FCI shall be entitled to exercise cumulatively any and all remedies available in law or in equity, including injunctive relief and its exercise of any one right or remedy shall not preclude it from exercising any other right or remedy. This Article XIV.D shall apply to causes of action arising before, during and after the term of this Agreement.

E. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal service or by forwarding a copy thereof by facsimile, certified mail (return receipt requested) or Federal Express or similar overnight delivery service, postage or shipping costs fully prepaid, in a sealed envelope, addressed to FCI or you, as the case may be, at the address that appears on the Data Sheet for you or Page 2 of this Agreement for FCI. The addresses hereby given for the service of notice may be changed at any time by any party through written notice given to the other as herein provided. Notices will be deemed to have been received on the date of actual delivery or receipt where a signed receipt or affidavit of service is obtained, on the business day following the day of transmission in the case of facsimile delivery, or on the fourth (4th) business day after deposit in the United

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States mail.

F. Successors. This Agreement shall bind and inure to the benefit of the successors and assignees of FCI, and to the heirs, administrators and executors and permitted successors and assignees of you.

G. Independent Covenants. All covenants in this Agreement are independent and absolute. You shall not withhold payment of any charges, B.F. Contributions, Continuing Royalty Fees, or other amounts due FCI on grounds of alleged non-performance by FCI.

H. Time Limitations. You agree that you may not assert any claim arising out of, or related to, this Agreement or the franchise relationship, whether for rescission, damages or any other type of remedy at law or in equity, shall be brought to FCI's attention by written notice within one (1) year from the date the act or failure to act by any person occurred. If written notice of a claim is not given within the one (1) year period, then the alleged breach or violation will not be deemed to be a breach or violation of this Agreement and cannot be asserted as a claim or defense in any mediation or other action between the parties.

I. Modifications. You recognize and agree that from time-to-time FCI may reasonably change the System presently identified with the Proprietary Marks under any conditions and to any extent which FCI in its sole and absolute discretion may deem advisable to meet the demands of the industry, to protect its Proprietary Marks, to improve the quality of the System, or for other valid business purpose. Accordingly, FCI may adopt and use new or modified Proprietary Marks, copyrighted materials, products, equipment or techniques, without liability to you and you agree to comply with such modifications. Whenever FCI reserves discretion in a particular area or where FCI agrees or is required to exercise its rights reasonably or in good faith, FCI will satisfy its obligations whenever it exercises "reasonable business judgment" in making its decision or exercising its rights. A decision or action by FCI will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if FCI's decision or action is intended to promote or benefit the franchise system generally even if the decision or action also promotes a financial or other individual interest of FCI. Examples of items that will promote or benefit the franchise system include enhancing the value of the Proprietary Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the franchise system. Neither you nor any third party (including a trier of fact), will substitute its judgment for FCI's reasonable business judgment.

J. Entire Agreement. This Agreement, the exhibits attached hereto and the documents referred to herein presented to you, shall be construed together and constitute the entire, full and complete Agreement between FCI and you concerning the subject matter hereof, and it shall supersede any and all prior and existing agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof; there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein that are of any force or effect with reference to this Agreement or otherwise. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by FCI in the Franchise Disclosure Document. No amendment, change or variance from this Agreement shall be binding on any party unless set forth in writing and executed by all parties.

K. Financing. FCI does not represent that you will qualify for FCI Vehicle leasing or financing. FCI does not warrant that you or your customers will qualify under standards set by credit granting financial institutions or leasing companies. FCI does not represent that carpet manufacturers will grant a line of credit to you or your customers. Any failure of you or your customers to secure such leasing, financing or financing arrangements shall not subject this Agreement to rescission or subject FCI to any costs, refunds, or penalties. You acknowledge that decisions of credit granting firms are beyond the control of the parties to this Agreement and holds FCI harmless for the results of such decisions.

L. Governing Law. This Agreement shall be deemed to have been made in the State of Georgia and shall be construed according to the laws of Georgia.

IN WITNESS WHEREOF, the parties, intending to be legally bound hereby, have caused this Agreement to

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be executed as of the effective date indicated on page 1 of this Agreement.

FRANCHISOR

_____

Floorcoverings International, Ltd.
By: _____
Title: _____

FRANCHISEE

_____

By: _____
Title: _____

_____

By: _____
Title: _____

_____

CORPORATE OR PARTNERSHIP NAME, IF APPLICABLE

Each of the undersigned Shareholders/Partners/Members of you agrees to be personally bound, jointly and severally, by the terms and conditions of this Agreement.

Printed Name:	Signature:	Percentage of Ownership
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%

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EXHIBIT “A-1”

DESCRIPTION OF DESIGNATED MARKETING AREA

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EXHIBIT "A-2"

GUARANTEE OF CORPORATE FRANCHISEE'S OBLIGATIONS

RIDER TO FRANCHISE AGREEMENT

GUARANTEE OF CORPORATE OBLIGATIONS

"Corporation" _____ Registered Agent _____

"Franchisor" Floorcoverings International, Ltd.
5390 Triangle Parkway, Suite 125
Norcross, Georgia 30092

"Guarantor" _____

(1) To induce Franchisor to enter into a Franchise Agreement, Telephone Listing Authorization Agreement, and Promissory Note (collectively, "Agreements") with the Corporation or to otherwise extend financial accommodations to the Corporation, the undersigned, whether one or more persons, hereby makes the following commitments to the Franchisor:

(a) To unconditionally guarantee the prompt payment in full of any indebtedness or obligation arising from the Corporation to the Franchisor; this guarantee of the payment shall also extend to any obligations which the Corporation may hereafter incur.

(b) To unconditionally guarantee the prompt, full, and faithful performance by the Corporation of every term, condition, agreement, representation, and provision on the part of the Corporation contained in any of the Agreements or in any modification or substitution thereof.

(c) To reimburse the Franchisor, upon demand, for all expenses, collection charges, court costs, and attorney's fees incurred in the enforcement of any of the Franchisor's rights and remedies against the Corporation or the undersigned, in an amount equal to the highest rate permitted by law of the total obligations due by the Corporation to the Franchisor.

(d) To be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and nonrenewal of this Agreement as if Guarantor were an individual party to the Agreement in his or her individual capacity

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(2) The undersigned Guarantor waives notice of acceptance hereof and of all notices and demands of any kind to which it may be entitled including, without limitation, all demands of payment and notice of non- payment, protest and dishonor to it or the Corporation, or to the makers of any Promissory Note or other instrument for what it is or may be liable hereunder. The Guarantor further waives notice of and hereby consents to any agreement, extension or accord, or for compromise of any sums due in any way, and such agreement, accord, or extension, or compromise shall in no way impair the Guarantor's liability hereunder.

(3) This is a continuing Guarantee and shall not be discharged or affected by death of the Guarantor(s), shall bind the heirs, successors and representatives of the Guarantor, and may be enforced by or for the benefit of any assignee or successor of the Franchisor.

(4) The Guarantor waives any right to require the Franchisor to proceed against the Corporation, proceed against any security, or pursue any other remedy which the Franchisor may have, including against any other Guarantor of the Corporation's obligations to the Franchisor.

(5) The Guarantor waives the right to a trial by jury in any action based on this Guarantee. The Guarantor also waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. This Guarantee may be amended only by a written instrument. The parties agree that any action at law or in equity instituted against either party to this Agreement shall be commenced only in the Georgia State Court having jurisdiction over Norcross, Georgia or the United States District Court for the Northern District of Georgia.

(6) This Guarantee shall inure to the benefit of the Franchisor and its successors and assigns and shall be binding on the undersigned and on any successors or assigns of the undersigned.

(7) References to "Guarantor" shall be deemed to be singular or plural, as to the context indicates. When there is more than one person as Guarantor, it is understood that each such person shall be jointly and severally responsible to the same extent as if each had signed this Guarantee individually.

IN WITNESS WHEREOF, we have caused this Guarantee to be executed as of this date: _____ .

FRANCHISOR
Floocoverings International, Ltd.

By:_____
Name:_____
Title:_____

GUARANTORS

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

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EXHIBIT "A-3"

EMPLOYEE

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

Effective this _____ day of _____, 20____, in consideration of his or her employment with _____ (the "Employer"), a franchisee of Floorcoverings International, Ltd. ("FCI"), the undersigned (the "Employee") will, at all times during the term of his or her employment and thereafter, comply with the terms and conditions of this Agreement.

1. During such time as the Employee is an employee of or associated with the Employer, and for a period of one (1) year after the termination of the Employee's employment or association with the Employer (whether voluntary or involuntary, and for any reason), or the retirement of the Employee from employment or association with the Employer, the Employee:

a. will not, on his or her own account or as an employee, agent, consultant, partner, officer, Director, or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business that sells competitive products, provides competitive services, or is in any way competitive with or similar to the Floor Coverings International® businesses that are conducted by the Employer, by FCI, and by the franchisees of FCI; provided, however, that the foregoing will not prohibit the Employee from engaging in any such carpet or floor coverings business which is located outside of an area extending one (1) mile from the outer perimeter of: an area to include the county containing the DMA in which the Employer's Business is conducted and each county or parish which adjoins or borders upon the county(ies) containing the DMA (the "Restricted Area").

b. will treat the FCI Operations Manuals and any other FCI confidential materials (including, but not limited to, videotapes, films, drawings, diagrams and computer programs) created for or approved for use in the operation of the Floor Coverings International® business, and the information, knowledge, methods or techniques contained or described therein (collectively, the "Confidential Materials"), as secret and confidential and as the sole and absolute property of FCI, and will use all reasonable means to keep them secret and confidential, including, without limitation, the following:

i. the Employee will not communicate, divulge or use for the benefit of himself/herself personally or any other person or entity, any information contained in the Manuals or Confidential Materials;

ii. the Employee will not copy, duplicate, videotape, photograph, record or otherwise reproduce the Manuals or Confidential Materials, in whole or in part;

iii. the Employee will not borrow or remove the Manuals or any Confidential Materials from the Floor Coverings International® business without the express written approval of the Employer;

iv. the Employee will not make the Manuals or any Confidential Materials available to any unauthorized person or entity, or allow any unauthorized person or entity access to the Manuals or any Confidential Materials; and

v. the Employee will not use the Manuals or any Confidential Materials for any purpose other than the performance of his or her duties as an employee of the Employer's Floor Coverings International business.

2. The Employee expressly agrees that the one (1) year period and the Restricted Area described in this Agreement are the reasonable and necessary time and geographic area needed to protect the Employer, FCI, and FCI's affiliates and franchisees if the Employee terminates or retires from employment or association with the Employer.

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3. The Employee further agrees that the one (1) year period described in this Agreement will be extended for a number of months equal to the number of months, if any, for which the Employer pays the Employee his or her monthly base compensation or other severance pay after the termination of the Employee's association with the Employer, and will also be extended beyond such one (1) year period for a period of time equal to the duration of any breach of this Agreement by the Employee.

4. The Employee and the Employer further acknowledge and agree:

a. that FCI is a third-party beneficiary of the rights and obligations set forth in this Agreement;

b. that FCI will suffer irreparable harm in the event of any breach or violation of this Agreement;

c. that FCI will have the right to enforce the provisions of this Agreement in its own name in the event of any breach or violation, or threatened breach or violation, of this Agreement; and

d. that FCI will have the right to obtain specific performance, temporary restraining orders, preliminary injunctions, injunctions and other equitable relief to the extent reasonably necessary to protect its interests in prohibiting competitive activities from any court of competent jurisdiction.

The undersigned Employer and Employee understand and accept the obligations set forth herein and agree to be bound by them.

EMPLOYER: EMPLOYEE:

By_____ By_____

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FLOORCOVERINGS INTERNATIONAL, LTD.
EXHIBIT "A-4"
SAMPLE CONSENT TO TRANSFER AGREEMENT

This Consent to Transfer Agreement ("Agreement") is made and entered into this ____ day of _____, 202__, by and between: (i) Floorcoverings International, Ltd., an Georgia corporation with a business address at 5390 Triangle Parkway, Suite 125, Norcross, GA 30092 ("Franchisor"); (ii) _____ ("Transferor"); (iii) _____ (collectively, the "Transferor Guarantors"); (iv) _____ ("Transferee"); and (v) _____ ("Transferee Guarantors").

BACKGROUND

A. On _____, Franchisor and Transferor Guarantors entered into a franchise agreement pursuant to which Transferor Guarantors obtained the right and undertook the obligation to operate a Floor Coverings International franchised business at _____ (the "Franchised Business") for a term of 10 years.

B. Transferor and Transferor Guarantors have indicated to Franchisor their desire to assign and transfer their rights, obligations, title and interest in the Franchised Business to Transferee, in compliance with the terms of Article VIII of the Franchise Agreement, and Transferee has indicated its desire to purchase such rights, obligations, title, and interest in the Franchised Business pursuant to a separate asset purchase agreement (the "Purchase Agreement").

C. As required under the Franchise Agreement, Franchisor consents to the transfer described above, expressly subject to the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration of the aforementioned recitals and the mutual promises and covenants contained in this Agreement, as well as other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Background; Definitions.

(a) The parties agree and acknowledge that the Background portion of this Agreement, including all definitions, representations and provisions set forth therein, is hereby incorporated by reference as if fully set forth in this Section.

(b) For purposes of this Agreement, if a capitalized term in this Agreement is not specifically defined herein, that term will be given the same definition that the term is afforded in the Franchise Agreement.

2. Assignment and Assumption; Consent to Transfer; Acknowledgment.

(a) Assignment. Transferor and Transferor Guarantors hereby assign and transfer over to Transferee all of their rights, title, obligations, and interest in and to the Franchise Agreement and Franchised Business.

(b) Assumption. Transferee hereby assumes all of Transferor's and Transferor Guarantors' obligations, assignments, commitments, duties and liabilities under the Franchise Agreement.

(c) Consent. Subject to compliance with the terms of the Franchise Agreement, and also subject to the terms and conditions of this Agreement, including the specific conditions set forth in Section 3 below, Franchisor hereby consents to the foregoing assignment and assumption and hereby (i) waives its right of first refusal in connection therewith, (ii) conditions its consent on payment of the transfer fee of $_____ (the "Transfer Fee") and compliance with the transfer conditions as set forth in Article VIII of the Franchise Agreement.

3. Conditions to Transfer. Franchisor's consent to the assignment and assumption described in Section 2 above is conditioned upon the completion of all of the following: (i) Transferor and Transferee must fully close under the Purchase Agreement in accordance with its terms (the "Closing of the Transaction"); (ii) Transferee must execute

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Franchisor's current form of franchise agreement for the Franchised Business (the "Transferee Franchise Agreement"), and Transferee Guarantors must execute the personal guaranty attached as an exhibit to the Transferee Franchise Agreement; and (iii) Transferor and Transferor Guarantors complying with their post-term obligations set forth in the Franchise Agreement. Upon execution of the Transferee Franchise Agreement and the Closing of the Transaction, the Franchise Agreement will no longer have any force or effect.

4. Effect of Failure to Successfully Meet Conditions to Transfer. In the event the parties fail to meet the conditions to transfer set forth in Section 3 herein, the transfer contemplated in Section 2 of this Agreement, and the Transferee Franchise Agreement, will be null and void.

5. Release by Transferor and Transferor Guarantors. Transferor and Transferor Guarantors, for themselves and all persons and entities claiming by, through, or under them, hereby release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, has, had or claims to have against the Franchisor Releasees including those arising out of or related to the offer, sale, or execution of the Franchise Agreement, the franchise relationship and the Franchise Agreement, the Franchised Business, the transfer contemplated in this Agreement, and any other franchise-related statute, law or regulation that is applicable to the parties' relationship.

6. Confidentiality. The parties shall not reveal or disclose (or permit others to reveal or disclose) the existence of this Agreement, or the terms hereof, to any other person, firm, corporation, company, or entity now or at any time in the future unless the Franchisor consents to such disclosure in writing; provided, however, that such parties may disclose the terms of this Agreement to their auditors, accountants, tax advisors and/or legal counsel only to the extent required for professional advice from those sources, and such parties may also disclose the terms of this Agreement pursuant to a valid subpoena or if otherwise required by law.

7. Severability. In case any covenant, condition, term or provision contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order or decree of any court or other judicial tribunal of competent jurisdiction, the validity of the remaining covenants, conditions, terms and provisions contained in this Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal or unenforceable, shall in no way be affected, prejudiced, or disturbed thereby.

8. Integration; Waiver or Modification. This Agreement constitute the entire agreement of the parties hereto with respect to the subject matter of this Agreement and supersede any and all previous agreements between the parties, whether written or oral, with respect to such subject matter. No waiver or modification of this Agreement or of any covenant, condition or limitation contained in this Agreement shall be valid unless in writing and duly executed by the party to be charged therewith.

9. Applicable Law, Binding Effect and Venue. The parties agree and acknowledge that the governing law, dispute resolution and venue provisions of the Franchise Agreement shall also govern this Agreement.

10. Attorneys' Fees. If Transferor, Transferor Guarantors, Transferee or Transferee Guarantors are in breach or default of any obligation under this Agreement or any related agreement between any of such parties and Franchisor, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), such breaching or defaulting party shall pay all reasonable attorneys' fees, court costs and litigation expenses that Franchisor incurs. If Transferor, Transferor Guarantors, Transferee or Transferee Guarantors institute any legal action to interpret or enforce the terms of this Agreement against Franchisor, and such party's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

11. Further Assurances. Each of the parties hereto agree that they shall sign such additional and supplemental documents as may be necessary to implement the transactions contemplated pursuant to this Agreement when requested to do so by any party to this Agreement.

12. Multiple Copies or Counterparts of Agreement. The original and one or more copies of this Agreement

may be executed by one or more of the parties hereto. In such event, all of such executed copies shall have the same force and effect as the executed original and all of such counterparts taken together shall have the effect of a fully executed original.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISOR

By: _____

TRANSFEROR

By: _____

TRANSFEROR GUARANTOR(S)

_____

TRANSFEREE

By: _____

TRANSFEREE GUARANTOR(S)

_____

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EXHIBIT B

PROMISSORY NOTE

State of Georgia County of Gwinnett

_____

PROMISSORY NOTE

FOR VALUE RECEIVED, _____ ("Franchisee"), individually and whose current address is _____ (the Undersigned and Franchisee) promises to pay to the order of Floor Coverings International, Ltd. (the Holder") the sum of _____ ($_____) via payments as outlined on Exhibit A.

All unpaid amounts owing on this Promissory Note (the "Note") shall immediately become due and payable at the option of Holder without notice or demand upon the death, dissolution, insolvency (however expressed or indicated) or the filing of a petition in bankruptcy, reorganization or for the adjustment of debts for, by or against the Undersigned.

Holder's failure to enforce any rights granted to it under this Note shall not constitute a waiver of such rights.

The validity, enforceability, construction and interpretation of this Note shall be governed by the laws of the State of Georgia in the County of Gwinnett, which laws shall control in the event of any conflict of law. If any provision of this Note is deemed illegal under any state or federal law, then such provision shall not be considered a part of this Note and the remainder of this Note shall not be affected.

The Undersigned agrees that it has had, and has, a substantial relationship with the Holder at its offices in Georgia and that any action by it arising out of or relating to this Note shall be litigated to conclusion only in any state or federal court of general jurisdiction located within Georgia and waives any objection they may have to either the jurisdiction or venue of such court, and further waives any argument that such venue is inconvenient.

This Note shall be binding upon and shall inure to the benefit of the parties and their successors, heirs and assigns.

In the event that it becomes necessary for Holder to retain the services of legal counsel to enforce terms of this Note, Holder shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Note.

The Next Page Is the Signature Page

I HAVE READ THE ABOVE NOTE AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS NOTE IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

By: _____

Name: _____

Date: _____

For Floorcoverings International Ltd.,

By: _____

Title: __CFO_____

Name: Benjamin Pace

Date: _____

EXHIBIT A

_____ days after _____ (Effective Date) the Franchise Fee must be paid in full. If it is not paid in full, Annual Percentage Rate interest of 10% of the remaining balance will be invoiced on a monthly basis due on the 25th of each proceeding month.

Example: After 60 days from the effective date, $75,000 is due. If $75,000 is not paid, the interest due will be $625 each month until the balance is paid in full. This interest charge equals 10% APR monthly interest on the balance.

SECURITY AGREEMENT EXHIBIT "C"

DEBTOR: **Name:**
Address:

SECURED PARTY: Floorcoverings International, Ltd.
5390 Triangle Parkway, Suite 125
Peachtree Corners, GA 30092

This Agreement dated _____

1. **Grant of Security Interest: Description of Collateral**. Debtor grants to Secured Party a security interest in the property described below, along with all present, replacement and future attachments and accessories thereto and replacement and proceeds thereof, including amounts payable under any insurance policy, all hereinafter referred to collectively as "Collateral":

   All property located now or hereafter at the premises known as Floor Coverings International of _____, or any other location in which Debtor stores assets of or conducts business in connection with Debtor's Floor Coverings International franchised business, whether said property is moveable, attached or affixed thereto, which is owned, in the possession of or under the control of Debtor, including by way of example and without limitation: all automobiles, account receivables, furniture, fixtures and equipment including but not limited to computers and fax machines, leases, signage, tools, claims to tax or other refunds, all instruments, machines and devices of every kind, the storage or recordation of payments or credits to Debtors business operations; and all inventory, including samples and all other goods, whether or not said goods are held for sale to others and all Accounts Receivable owed to Debtor for completed flooring work.

2. **What Obligations the Collateral Secures**. Each item of the Collateral shall secure the specific amount which Debtor promises to pay in paragraph 3 below.

3. **Promise to Pay; Terms and Place of Payment**. Under the terms of a certain **Promissory Note attached herewith** of even date, Debtor promises to perform to the Terms of the Addendum inclusive of meeting all performance and financial obligations for as long as Debtor has outstanding obligations with Secured Party. Payment shall be made at the address of Secured Party above or such other place as Secured Party may designate from time to time and by ACH payments drafted by Secured Party.

4. **Use and Location of Collateral**. Debtor warrants and agrees that the Collateral is to be used primarily for business or commercial purposes (other than agricultural). The Collateral shall not include Debtor's collections of deposits from its customers for work/jobs not yet completed.

5. **Location of Collateral**. Debtor and Secured Party agree that regardless of the manner of affixation, the Collateral shall remain personal property and not become part of the real estate. Debtor agrees to keep the Collateral at the location set forth in Paragraph 1, and will notify Secured Party promptly in

writing of any change in the location of the Collateral within such State or Province, and will not remove the Collateral from such State or Province without the prior written consent of Secured Party.

6. **Debtor's Warranties and Representations**. Debtor warrants and represents:

(a) the Debtor is justly indebted to Secured Party for the full amount of the foregoing and future indebtedness;

(b) that except for the security interest granted hereby, the Collateral is free from and will be kept free from all liens, claims, security interests and encumbrances;

(c) that no financing statement covering the Collateral or any proceeds thereof is on file in favor of anyone other than Secured Party, but if such other financing statement is on file, it will be terminated or subordinated;

(d) that all information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Agreement regarding this transaction are and shall be true, correct, valid and genuine; and

(e) Debtor has full authority to enter into this Agreement and in so doing it is not violating its charter or by-laws, any law or regulation or agreement with third parties, and it has taken all such action as may be necessary or appropriate to make this Agreement binding upon it.

7. **Debtor's Agreements**. Debtor agrees:

(a) to defend at Debtor's own cost any action, proceeding, or claim affecting the Collateral;

(b) to pay reasonable attorneys' fees and other expenses incurred by Secured Party in enforcing its rights after Debtor's default.

(c) to pay promptly all taxes, assessments, license fees and other public or private charges when levied or assessed against the Collateral, and this obligation shall survive the termination of this Agreement;

(d) that if a certificate of title be required or permitted by law, Debtor shall obtain Secured party thereon and in any event do everything necessary or expedient to preserve or perfect the security interest of Secured Party;

(e) that Debtor will not misuse, fail to keep in good repair, secrete, or without the prior written consent of Secured Party, and notwithstanding Secured Party's claim to proceeds, sell, rent, lend, encumber or transfer any of the Collateral;

8. **Insurance and Risk of Loss**. All risk of loss of, damage to, or destruction of the Collateral shall at all times be on Debtor. Debtor will procure forthwith and maintain fire insurance with extended or combined additional coverage on the Collateral for the full insurance value thereof for the term of this Agreement plus such other insurance as Secured Party may specify, and promptly deliver each policy to Secured Party with a standard long form endorsement attached showing loss payable to Secured Party or assigns as respective interests may appear. Secured Party's acceptance of policies in lesser amounts or risks shall not be a waiver of Debtor's foregoing obligation.

9. **Events of Default; Acceleration**. A very important element of this Agreement is that Debtor makes all its payments promptly as agreed under the terms of the Note. Also essential is that the Collateral continue to be in good condition and adequate security for the indebtedness. The following are events of default under this Agreement which will allow Secured Party to take such action under this

paragraph and under Paragraph 10 in connection with this transaction;

(a) any default under the Note, or any other agreement between the parties, which remains uncured after notice and expiration of all applicable cure periods;

(b) Debtor breaches any warranty or provision hereof, or of any note or of any other instrument or agreement delivered by Debtor to Secured Party in connection with this transaction:

(c) Debtor dies, is insolvent, Sells the Franchise or ceases to operate an active business;

(d) it is determined that Debtor has given Secured Party materially misleading information regarding its financial condition;

(e) a petition for arrangement, reorganization or bankruptcy is filed by or against Debtor or any guarantor under the Note, or Debtor or any guarantor admits an inability to pay debts as they mature;

(f) property of Debtor is attached or a receiver is appointed for Debtor;

If Debtor shall be in default hereunder, the indebtedness herein described and all other debts then owing by Debtor to Secured Party under this or any other present or future agreement shall, if Secured Party so elects, become immediately due and payable. This acceleration of all indebtedness, if elected by Secured Party, shall be subject to all applicable laws, including laws as to rebates and refunds of unearned charges.

10. **Secured Party's Remedies After Default; Consent to Enter Premises**. Upon Debtor's default and at any time thereafter, Secured Party shall have all the rights and remedies of a Secured Party under the Uniform Commercial Code and any other applicable laws, including the right to any deficiency remaining after disposition of the Collateral for which Debtor hereby agrees to remain fully liable. Debtor agrees that Secured Party, by itself or its agent, may without notice to any person and without judicial process of any kind, enter into any premises or upon any land owned, leased or otherwise under the real or apparent control of Debtor or any agent of Debtor where the Collateral may be or where Secured Party believes the Collateral may be, and disassemble, render unusable and/or repossess all of any item of the Collateral, disconnecting and separating all Collateral from any other property and using all force necessary. Debtor expressly waives all further rights to possession of the Collateral after default and all claims for injuries suffered through or loss caused by such entering and/or possession. Debtor shall, at the sole discretion of Secured Party, assemble the Collateral and make it available to the Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties.

Secured Party will give Debtor reasonable notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition of the Collateral is to be made. Unless otherwise provided by law, the requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown herein at least five (5) days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling and the like shall include reasonable attorneys' fees (at the lesser of 15% or the highest amount permitted by law) and other legal expenses. Debtor understands that Secured Party's rights are cumulative and not alternative.

11. **Waiver of Defaults; Agreement Inclusive**. Secured Party may in its sole discretion waive a default, or cure, at Debtor's expense, a default. Any such waiver in a particular instance or of a particular default shall not be a waiver of other defaults or the same kind of default at another time. No modification or change in this Agreement or any related note, instrument or agreement shall bind

Secured Party unless in writing signed by Secured Party. No oral agreement shall be binding.

12. **Financing Statements**. If permitted by law, Debtor authorizes Secured Party to file a financing statement with respect to the Collateral signed only by Secured Party, and to file a carbon, photograph or other reproduction of this Agreement or of a financing statement.

13. **Miscellaneous**. Debtor waives all exemptions. Secured Party may correct patent errors herein and fill in such blanks as serial numbers, date of first payment and the like. Any provisions hereof contrary to, prohibited by or invalid under applicable laws or regulations shall be inapplicable and deemed omitted here-from, but shall not invalidate the remaining provisions hereof. Debtor acknowledges receipt of a true copy and waives acceptance hereof.

If Debtor is a corporation, this Agreement is executed pursuant to authority of its Board of Directors. "Debtor" and "Secured Party" as used in this Agreement include the heirs, executors or administrators, successors or assigns to those parties.

SECURED PARTY: FLOORCOVERINGS INTERNATIONAL, LTD.

By:_____
Benjamin Pace, CFO

I HAVE READ THE ABOVE SECURITY AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS SECURITY AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

DEBTOR: _____, Individually and Floor Coverings International _____, Corporately.

BY: _____

NAME: _____

BY: _____

NAME: _____

EXHIBIT C

SYSTEM ACCESS AGREEMENT

Floor Coverings International

SYSTEM ACCESS AGREEMENT

This System Access Agreement is between Floor Coverings International (FCI), Inc., a Georgia corporation, having an address at 5390 Triangle Parkway, Suite 125, Norcross, Georgia 30092, referred to as "FCI," and

NAME: _____ ("Franchisee").

ADDRESS: _____

_____

_____

_____

WHEREAS, FCI has developed a computer system for the promotion and assistance of independently owned and operated floor design and consulting franchisees, including policies, procedures and techniques designed to enable such franchisees to effectively compete in the floor design services industry (which system, including all content, data, databases, software, and/or materials contained therein and accompanying documentation and/or manuals, and all derivatives thereof, is hereinafter called the "FCI System"). The FCI System includes, design tools, customer lists, sales materials, and other functionality that assists the franchisee in operating the franchise; and

WHEREAS, Franchisee desires to access and interact with the FCI System.

NOW, THEREFORE, in consideration of the foregoing premises, and for other good and valuable consideration, the delivery, receipt and sufficiency of which are hereby acknowledged; and further, in accordance with and pursuant to all terms, conditions, covenants, agreements, representations and warranties contained herein, the parties hereby mutually agree as follows:

1. **License**. Franchisee is hereby granted a non-exclusive, non-transferable, and limited license to access, use, interact with and store data on the FCI System. This license shall be effective during the term of Franchisee's subscription to the FCI System as set forth on the Order Form. Franchisee is solely responsible for selecting, purchasing, installing and maintaining the hardware, equipment, and other software necessary to use the FCI System, and for access and similar charges incurred under third party information provider subscription agreements. This Agreement sets forth the terms and conditions applicable to Franchisee's access to, and use of, the FCI System.

2. **Franchisee and Authorized Users**. The terms and conditions of this Agreement shall apply to Franchisee and each Authorized User (as defined below) of the Franchisee. Franchisee will provide a list to FCI of all Authorized Users of the Franchisee, as well as a copy of the Acknowledgement (as defined below) executed by each Authorized User. Franchisee will inform all Authorized Users of the terms and conditions of this Agreement, including, in particular, any limitations on access or use of the FCI System and User Data (as defined in Section 4) as set forth in this Agreement, and will have each Authorized User sign the Acknowledgement, which is attached hereto as Exhibit B, before such Authorized User is allowed access to or use of the FCI System. Franchisee will cooperate with any investigation into possible breach of this Agreement. The term "Authorized Users" shall include all full-time and part time employees and staff who are permitted by Franchisee to access or use the FCI System.

3. FCI Full Ownership of FCI System. The FCI System is proprietary to FCI and is protected by copyright and other laws respecting intellectual property and proprietary rights. The FCI System also may contain similarly protected licensed proprietary material of third parties. FCI retains all rights in and to the FCI System, including (without limitation) all copyright and other intellectual property and proprietary rights worldwide. Franchisee and all Authorized Users shall not access or use the FCI System, in whole or in part, except as expressly permitted under this Agreement.

4. Permitted Use of FCI System. The FCI System may be used by the Franchisee and Franchisee's Authorized Users for the sole purposes of operating the Franchise as follows:

Access: Franchisee and Authorized Users may access the FCI System for their individual use solely in connection with Franchisee's business. Access to the FCI System is at the sole discretion of FCI and can be terminated at any time.

User Data: Franchisee and Authorized Users can input, upload, store and create files, records, reports and other data and content to and in the FCI System, including, without limitation, customer related information and records ("User Data"). Franchisee acknowledges and agrees that all User Data shall be the sole and exclusive property of FCI, and Franchisee hereby waives any interest or right in or to any User Data. User Data will be accessible to the Franchisee as permitted in the sole discretion of FCI.

Limited Rights of Use and Reproduction: Franchisees and Authorized Users may view the FCI System on screen and may print paper copies for individual or customer use only. Franchisee and Authorized Users shall not otherwise, and shall not permit others to: (i) reproduce, publish, distribute, sell, or otherwise access or use any material retrieved from or contained in the FCI System, including, without limitation, User Data, in any manner whatsoever; (ii) distribute the information contained in the FCI System, including, without limitation, User Data, to other users not duly authorized to receive the FCI System; (iii) distribute, rent, sublicense, lease, transfer, assign or otherwise make commercial use of the FCI System or User Data; and (iv) decompile, disassemble, or otherwise reverse-engineer the FCI System, or alter, translate, modify, or adapt it to create derivative works.

No Local Storage: Franchisee and Authorized Users are expressly prohibited from placing or installing any portion of the FCI System on any electronic media, including, but not limited to, individual desktop computers, local or wide area networks, timesharing services, multiple processing units, multiple site arrangements, service or software rental bureaus, list servers, online services, electronic bulletin boards or forums, World Wide Web sites or any other server that is Internet enabled except as permitted by FCI.

Unauthorized Use: Franchisee shall not knowingly permit anyone other than Authorized Users to access or use the FCI System or the User Data.

No Modification of FCI System: Franchisee shall not modify or create any derivative work of the FCI System.
Removal of FCI Marks and Copyright Notice: Franchisee may not remove, obscure or modify any copyright or other notices included in any content from the FCI System.

5. Payment Terms. In consideration of Franchisee's use of the FCI System, Franchisee shall pay FCI as set forth in Exhibit A, which is attached hereto. The fees set forth in Exhibit A are subject to change upon notice from FCI.

6. Non-Disclosure. Franchisee acknowledges and agrees that the FCI System and User Data are proprietary and confidential to FCI, and that Franchisee shall not disclose the foregoing, in whole or in part, to any third party, except as expressly permitted herein. Franchisee shall take commercially reasonable measures to protect the FCI System and User Data against disclosures and use in violation of this Agreement. This obligation shall survive the termination of this Agreement.

7. Franchisee Obligations to Control Authorized Users. In the event of any unauthorized use of the FCI System or any User Data by an Authorized User, Franchisee shall immediately notify FCI, and Franchisee shall no longer provide such Authorized User with access to the FCI System and/or User Data.

8. Limited Warranty. FCI warrants that it has the right to license the rights granted under this Agreement and that it has obtained any and all necessary permissions from third parties for materials used on the FCI System. Except for the express warranties stated herein, access to the and functionality of the FCI System are provided on an "as is"

basis, and FCI disclaims any and all other warranties, conditions, or representations (express, implied, oral or written), relating to use of the FCI System or any part thereof, including, without limitation, any and all implied warranties of quality, accuracy, completeness, currency, performance, merchantability, non- infringement or fitness for a particular purpose. FCI DOES NOT WARRANT THAT THE FCI SYSTEM IS ERROR-FREE IN CONTENT. FCI makes no warranties respecting any harm that may be caused by the transmission of a computer virus, worm, time bomb, logic bomb or other such computer program. Licensor further expressly disclaims any warranty or representation to Authorized Users, or to any third party.

9. Enforcement of Terms. Franchisee acknowledges that the FCI System and User Data are highly proprietary in nature and that unauthorized copying, transfer, use or disclosure may cause FCI or its licensors irreparable injury that cannot be adequately compensated for by means of monetary damages. Franchisee agrees that any actual or threatened breach of this Agreement by Franchisee, or any subscriber or Authorized User, may be enforced by FCI by means of equitable relief (including, but not limited to, injunctive relief) in addition to any other available rights and remedies.

10. Indemnification. The Franchisee agrees to indemnify, defend and hold FCI harmless from and against any loss, damage, costs, liability and expenses (including reasonable legal and professional fees) arising out of any claim or legal action taken against FCI related to or in any way connected with any use of the FCI System by the Franchisee or any failure by the Franchisee to perform its obligations in relation to this Agreement.

11. Term of Agreement. This Agreement may be terminated by FCI at any time. Otherwise, this Agreement will remain in-force as long at the Franchise Agreement between Franchisee and FCI remains in-force. Upon the termination of this Agreement, Franchisee shall immediately cease all use of the FCI System and User Data and shall return all copies thereof in its possession or control to FCI.

12. Choice of Law; Integration. This Agreement, and the rights of the parties hereto, shall be governed by, construed and enforced in accordance with the laws of the State of Georgia as such laws apply to agreements among Georgia residents made and to be performed entirely within the State of Georgia. Any action in respect of, or concerning, this agreement shall be litigated solely in Cobb County, Georgia, and both parties consent to jurisdiction of the person and venue solely in Cobb County, Georgia. If any provision of this Agreement is held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

Floor Coverings International, Ltd. ("FCI")	**Franchisee**
By:_____	By:_____
Title:_____	Print Name:_____
Date:_____	Date:_____

Exhibit A Payment Terms

Franchisee shall pay FCI the following amounts:

License Fee equal to $_____, due and payable to FCI on or before_____.

Monthly Access Fee equal to $ _____/monthly, due and payable to FCI on or before the day of each month via ACH/electronic transfer to FCI during the term of the Agreement.

Annual Upgrade and Maintenance Fee equal to $_____ and payable to FCI via ACH/electronic transfer on or before _____ each year.

Exhibit B
Employee Acknowledgement

I, _____ in consideration of my employment with _____ ("Employer"), hereby acknowledge and agree that I have read the System Access Agreement entered into by and between Floorcoverings International, Ltd. and Employer (the "Agreement"), and hereby agree to abide by the terms and conditions set forth therein, including, without limitation, Sections 3, 4, 6 and 9, in connection with my access to and use of the FCI System and User Data (as such terms are defined in the Agreement) during my employment.

My signature constitutes my agreement to the foregoing.

_____
Employee's Signature

_____
Printed Name

_____
Date

EXHIBIT D

TELEPHONE LISTING AUTHORIZATION AGREEMENT

FLOORCOVERINGS INTERNATIONAL, LTD. TELEPHONE
LISTING AUTHORIZATION AGREEMENT

TELEPHONE LISTING AUTHORIZATION AGREEMENT

THIS AGREEMENT, entered into between Floorcoverings International, Ltd. of Norcross, Georgia (hereinafter referred to as "FCI"), and _____ (hereinafter referred to as "Franchisee").

WITNESSETH

WHEREAS, FCI is the franchisor of the Floor Coverings International System and the owner of the "Floor Coverings International" trademark; and

WHEREAS, FCI and Franchisee have entered into a Franchise Agreement (the "Franchise Agreement") pursuant to which Franchisee is granted the limited right to use the trademark and related commercial symbols in Franchisee's business telephone and Internet directory listings; and

WHEREAS, Franchisee is authorized to continue using the FCI commercial symbols until such time as the Franchise Agreement is terminated or expires.

NOW, THEREFORE, the parties hereby agree as follows:

1. Franchisee is authorized to obtain separate telephone service, and/or participate in a central telephone service for franchisee's FCI franchised business. Such service shall not be used in conjunction with any other business or residential telephone service.

2. Franchisee is authorized and agrees to secure any telephone and Internet listings authorized by FCI only in the name of "Floor Coverings International." No other names may be used in conjunction with the FCI trademark, and no additional listings may be used with the telephone number assigned unless approved in writing in advance by FCI.

3. All telephone and Internet listings, layout, and copy shall be approved in advance in writing by FCI, and Franchisee agrees that the telephone company shall not accept placements of any such copy unless written approval by FCI is attached. However, placement of display advertising by FCI or its advertising agency for Franchisee through a national service will constitute automatic approval.

4. Franchisee shall be responsible for the payment of all monthly service charges, directory listings and advertising, and a reasonable share of central numbers and associated listings and advertising.

5. Franchisee agrees such telephone number(s) and telephone and Internet listings and advertisements shall be considered to be the sole property of FCI. Upon termination of the Franchise Agreement for whatever reason, Franchisee agrees that Franchisee shall immediately cease all use of such number(s), listings and advertisements and that all such number(s), listings and advertisements shall become the sole property of FCI, at its option, subject to FCI's obligation to pay all fees due therefor becoming due and payable after the date of cessation of use.

6. Franchisee, by this Agreement, hereby releases and forever discharges FCI and its successors or assigns and the telephone company from liability of any kind or character which results or may result directly or indirectly from FCI's exercise of its rights hereunder or from the telephone company's cooperation with FCI in effecting the terms of this Agreement.

IN WITNESS WHEROF, the parties have caused this Agreement to be executed this _____ day of _____, 20____.

FLOORCOVERINGS INTERNATIONAL, LTD.	FRANCHISEE
By:_____	By:_____
Title:_____	Print Name:_____
Date:_____	Date:_____

EXHIBIT E

ADDITIONAL TERRITORY OPTION AGREEMENT

ADDITIONAL TERRITORY OPTION AGREEMENT

THIS ADDITIONAL TERRITORY OPTION AGREEMENT ("Agreement") is made and entered into on _____, 20__, by and between Floorcoverings International, Ltd., a Georgia corporation with its principal place of business at 5390 Triangle Parkway, Suite 125, Norcross, GA 30092 ("FCI"), and _____, an individual residing at _____, or _____, a _____ with its principal place of business at _____ ("Developer").

BACKGROUND

A. Contemporaneous with the execution of this Agreement, Developer and FCI entered into FCI's current form of single-unit franchise agreement (the "First Franchise Agreement") for the right to establish and operate a single Floor Coverings International franchised business (the "First Franchised Business").

B. FCI offers qualified franchisees the right and option to open and operate additional Floor Coverings International franchised businesses (collectively, the "Additional Franchised Businesses") during the time periods set forth below and subject to the terms and conditions of this Agreement.

C. Developer wishes to purchase an option to establish and operate Additional Franchised Business(es) under the terms and conditions set forth in this Agreement.

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

AGREEMENT

1. GRANT OF OPTION AND EXECUTION DEADLINES

1.1 **Grant**. Upon the execution of this Agreement, Developer will pay FCI an Additional Territory Fee equal to $40,000 for one (1) Additional Franchised Businesses or $80,000 for two (2) Additional Franchised Businesses (the "Additional Territory Fee(s)"). The Additional Territory Fee is in addition to the Initial Franchise Fee you will pay upon executing the First Franchise Agreement and Developer will not be charged an Initial Franchise Fee on Additional Franchise Agreements executed under this Agreement. The Additional Territory Fee is deemed fully earned upon payment and is nonrefundable under any circumstances. If you are a veteran that qualifies for the VetFran Program, your Additional Territory Fee(s) will be discounted by ten percent (10%).

The option territories granted under this Section 1.1, set forth in Exhibit "A" (the "Option Area(s)") will constitute a protected DMA during the term of this Agreement (refer to Section 3.2 below); provided, further, you will be provided a DMA per the terms of each Franchise Agreement you sign as set forth herein. If this Agreement is terminated, you will have no further right in or to the Option Area(s).

1.2 **Eligibility**. Developer must purchase this option and execute this Agreement contemporaneously with Developer's execution of the First Franchise Agreement.

1.3 **Option Deadlines**. Developer must exercise its option(s) to acquire the Additional Franchised Businesses in accordance with the following schedule ("Option Schedule"):

Time to Exercise Option(s) ("Option Period")	Number of Franchise Agreements to be Executed Under the Additional Territory Option Agreement	Number of Franchise Agreements to be Signed upon the Option Period	Cumulative Number of Franchised Agreements signed Upon Option Period
Developer shall open the First Franchised Business within 180 days from the date the First	1	1	1

Time to Exercise Option(s) ("Option Period")	Number of Franchise Agreements to be Executed Under the Additional Territory Option Agreement	Number of Franchise Agreements to be Signed upon the Option Period	Cumulative Number of Franchised Agreements signed Upon Option Period
Franchise Agreement is executed.			
Option Territory 1 Date: _____, 20__ (24 Months from completion of initial training)		1	2
Option Territory 2 Date: _____, 20__ (24 Months from completion of initial training)		1	3

2. EXERCISE OF OPTION.

2.1 Conditions in Order to Exercise Option. In order to open each Additional Franchised Business, Developer must satisfy **all** of the following conditions, upon the exercise of each option:

(a) Execute FCI's then-current form of franchise agreement for that Additional Franchised Business (each, an "Additional Franchise Agreement");

(b) Developer must not default under this Agreement, or any other agreement with FCI, including any other franchise agreement, and must have fully and faithfully performed all of Developer's material obligations under any such agreements throughout their respective terms;

(c) Developer has achieved the minimum performance criteria as set forth in the First Franchise Agreement, and any subsequent franchise agreement;

(d) Neither this Agreement, the First Franchise Agreement, nor any other agreement FCI has entered into with Developer has been terminated by FCI;

(e) Developer has timely paid any fees or other monies due to FCI as and when due under the terms of the First Franchise Agreement or any other agreement with FCI;

(f) There has been no change in the effective control of Developer (by way of change in share ownership, membership or partnership interest, or otherwise) without FCI's written consent;

(g) Developer's personnel have successfully completed FCI's training programs; and

(h) Developer must have averaged 10 customer proposals per week ("PPW") in 8 of the last 12 weeks leading up to their 24th month of business in order to exercise the option for the Second Franchised Business and 15 PPW in 8 of the last 12 weeks leading up to their 24th month of business in order to exercise the option for a Third Franchised Business.

3. ASSIGNMENT, TERM AND TERMINATION.

3.1 Assignment. Developer's rights under this Agreement are personal to Developer and Developer may not sell, transfer, or assign any right granted herein without FCI's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign

its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in the First Franchise Agreement. FCI has the right to assign this Agreement in whole or in part in its sole discretion.

3.2 **Term**. This Agreement will commence as of the date it is fully-executed and, unless earlier terminated by FCI, will expire on the last day of the calendar month that the final Franchised Business is required to have an executed franchise agreement under the Option Period.

3.3 **Termination**. This Agreement will automatically terminate if Developer fails, or is ineligible to, exercise an option upon an applicable Option Period, as set forth in Section 2.1. In addition, FCI will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by Developer; or (ii) if the First Franchise Agreement or any Additional Franchise Agreement that is entered into under this Agreement is terminated or subject to termination by FCI, pursuant to the terms of that Franchise Agreement.

4. CHOICE OF LAW AND DISPUTE RESOLUTION

4.1 **Choice of Law**. This Agreement will be governed by and construed in accordance with the laws of the State of Georgia (without reference to its conflict of laws principles).

4.2 **Internal Dispute Resolution**. Developer must first bring any claim or dispute between Developer and FCI to FCI's President and CEO after providing notice as set forth in Section 5.3 below. Developer must exhaust this internal dispute resolution procedure before Developer may bring Developer's dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

4.3 **Mediation**. At FCI's option, all claims or disputes between Developer and FCI (or its affiliates, officers directors, employees or agents) arising out of, or in any way relating to, this Agreement or any other agreement by and between Developer and FCI (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 4.2 above, will be submitted first to mediation to take place in Norcross, Georgia under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against FCI or its affiliates with respect to any such claim or dispute, Developer must submit a notice to FCI, which specifies, in detail, the precise nature and grounds of such claim or dispute. FCI will have a period of thirty (30) days following receipt of such notice within which to notify Developer as to whether FCI or its affiliates elect to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against FCI or its affiliates with respect to any such claim or dispute in any court unless FCI fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by FCI. FCI's right to mediation, as set forth herein, may be specifically enforced by FCI. Each party will bear its own cost of mediation and FCI and Developer will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no multi-party or class action mediation. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information; or (ii) any claims pertaining to or arising out of any warranty issued; or (ii) any of the restrictive covenants contained in a Franchise Agreement.

4.4 **Injunctive Relief, Selection of Venue and Class Action Waiver**. Nothing contained in this Agreement will prevent FCI from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect FCI's interests. If injunctive relief is granted, Developer's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Developer expressly waives all claims for damages Developer

incurred as a result of the wrongful issuance. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction closest to FCI's then-current corporate headquarters or, if appropriate, the United States District Court for the Northern District of Georgia. Developer acknowledges that this Agreement has been entered into in the State of Georgia, and that Developer is to receive valuable and continuing services emanating from FCI's headquarters in Georgia, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Georgia set forth above. The parties agree that all proceedings will be conducted on an individual, not a multi-party or class-wide basis, and that any proceeding between Developer, Developer's guarantors, and FCI or its affiliates or employees may not be consolidated with any other proceeding between FCI and any other person or entity.

4.5 Third Party Beneficiaries. FCI's affiliates, officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provisions set forth in this Section 4, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

4.6 Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Developer must notify FCI within 30 days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

4.7 No Right to Offset. Developer is prohibited from withholding all or any part of any payment to FCI or any of its affiliates on the grounds of FCI's alleged nonperformance or as an offset against any amount FCI or any of FCI's affiliates allegedly may owe Developer under this Agreement or any related agreements.

4.8 Limitation of Action. Developer further agrees that no cause of action arising out of or under this Agreement may be maintained by Developer against FCI unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after Developer becomes aware of the facts or circumstances reasonably indicating that Developer may have a claim against FCI hereunder, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense, or set-off. Developer hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by FCI, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

4.9 Waiver of Punitive Damages. Except as provided for in this Section 4.9, Developer hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against FCI arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Developer's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

4.10 Jury Trial Waiver. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, FRANCHISES DEVELOPED PURSUANT TO THIS AGREEMENT AND/OR ANY OTHER AGREEMENTS BETWEEN THE PARTIES, AND/OR DEVELOPER PURCHASE OF GOODS OR SERVICES FROM FCI OR FCI'S AFFILIATES.

5. MISCELLANEOUS

5.1 Time of the Essence. Time is of the essence with respect to any time fixed for performance of any requirement set forth in this Agreement.

5.2 **Acknowledgment**. Developer acknowledges that this Agreement is not a franchise agreement and does not confer upon Developer any rights to use FCI's Proprietary Marks or its System.

5.3 **Notices**. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery including, without limitation, private delivery or courier service, but which shall not include electronic communication, such as e-mail, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to FCI: Floorcoverings International, Ltd.
5390 Triangle Parkway, Suite 125
Norcross, GA 30092
Attn: President

Notices to Developer: _____
_____
_____
Attn:_____

Any notice by a means which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given and received at the date and time of receipt or rejected delivery.

5.4 **No Third-Party Rights**. Except as expressly provided to the contrary in this Agreement or the First Franchise Agreement, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Developer, FCI, and such of FCI's respective successors and assigns as may be contemplated (and, as to Developer, permitted) by the First Franchise Agreement, any rights or remedies under or by reason of this Agreement.

5.5 **Indemnification**. Developer shall indemnify and hold harmless FCI and its affiliates, and their respective officers, directors and employees against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Developer's operations hereunder, Developer's operation of the Franchised Businesses, or Developer's breach of this Agreement, including, but not limited to, those alleged to be caused by FCI's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by FCI's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event FCI incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Developer in which FCI is not a party, Developer shall reimburse FCI for all such costs and expenses promptly upon presentation of invoices. Developer acknowledges and agrees that Developer's indemnification and hold harmless obligations under this Section shall survive the termination or expiration of this Agreement. Nothing herein shall preclude FCI from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

5.6 **Nonwaiver**. No delay, waiver, omission, or forbearance on FCI's part to exercise any right, option, duty, or power arising out of any breach or default by Developer or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute a waiver of FCI's right to enforce any such right, option, duty, or power as against Developer, or as to subsequent breach or default by Developer. If FCI accepts late payments from Developer or any payments due, that will not be deemed to be FCI's waiver of any earlier or later breach by Developer of any terms, provisions, covenants, or conditions of this Agreement.

5.7 **Severability**. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term, and/or provision of this Agreement will be considered severable. If for any reason, any section, part, term, and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties to this

Agreement; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.

5.8 **Construction of Language**. Any term defined in the First Franchise Agreement which is not defined in this Agreement will be ascribed the meaning given to it in the First Franchise Agreement. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

5.9 **Successors**. References to "FCI" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 3.1 of this Agreement.

5.10 **Additional Documentation**. Developer must from time to time, subsequent to the date first set forth above, at FCI's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as FCI may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints FCI as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, reasonably necessary to effectuate the transactions contemplated herein.

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

5.12 **State Law Applies**. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Developer's First Franchised Business is located, then the valid law or regulation of that state applicable to the franchised business will supersede any provision of this Agreement that is less favorable to Developer.

5.13 **Entire Agreement**. This Agreement contains the entire agreement between the parties concerning the purchase and operation of the Additional Franchised Businesses; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Except for those changes that FCI is permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. FCI reserves the right to change FCI's policies, procedures, standards, specifications or manuals at FCI's discretion. In the event of a conflict between this Agreement and any Additional Franchise Agreement(s) or the First Franchise Agreement, the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations FCI made to Developer in the Franchise Disclosure Document that FCI provided to Developer.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

FCI	**DEVELOPER**
Floorcoverings International, Ltd.	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT "A"
Additional Territory Option Agreement
Option Area(s)

Option Area 1:

Option Area 2:

EXHIBIT F

LISTS OF FRANCHISEES AND FORMER FRANCHISEES

FRANCHISEES AS OF DECEMBER 31, 2025

Joe And Denise	Luebker	319 South Alston Street	Foley	Alabama	36535	(251) 463-6221
Conner	Parsons	2800 Greystone Commercial Blvd	Hoover	Alabama	35242	(205) 919-1663
Kenny	Bishop	5973 Troy Hwy	Montgomery	Alabama	36116	(980) 266-9805
James	Brooks	1 South Milton	Flagstaff	Arizona	86001	(928) 699-3333
Debra	deFisser	1672 E. Guadalupe Rd	Gilbert	Arizona	85234	(480) 476-4640
Krista	Farney	3519 N. Verdugo	Kingman	Arizona	86409	(928) 530-0555
Bryan	Fasulo	4915 West Bell Rd	Glendale	Arizona	85308	(480) 999-0004
Alan	Jones	3654 N Power Road	Mesa	Arizona	85215	(480) 853-3250
Alex	Chavez	4012 East Broadway Road	Phoenix	Arizona	85040	(520) 990-1787
Tracy	Snelling	5628 East Thomas Road	Phoenix	Arizona	85018	(978) 844-2728
Rob	Blinn	2917 S 1st St	Rogers	Arkansas	72758	(618) 409-1175
Ashley	Birdsall	4401 Atlantic Ave	Long Beach	California	90807	(206) 369-8527
Travis	Brown	610 Oakbranch Dr	Encinitas	California	92024	(619) 807-9869
Liz	Edwards	1300 1st Street	Napa	California	94559	(707) 266-6868
Sunil	John	1330 Trestlewood Ln	San Jose	California	95138	(408) 887-4156
Benjamin	Kubo	2360 Huntington Dr	San Marino	California	91108	(661) 809-0428
Charles	Le	2305 Historic Decatur Rd, Suite 100	San Diego	California	92106	(858) 842-8590
Steve	Lundby	3175 Claremore Ave	Long Beach	California	90808	(714) 473-5331
Daniel	Maschmeier	2320 Del Monte Ave	Monterey	California	93940	(831) 233-9288
Andrea	Melcon	9555 Cottonwood Ave	Santee	California	92071	(619) 724-7309
Anil	Mujoo	151 Lost Lake Ln	Campbell	California	95008	(408) 859-4148
Emilia	Navedo	915 Highland Pointe Dr	Roseville	California	95678	(916) 715-5977
Justin	Schuhardt	22541 Aspan Street	Lake Forest	California	92630	(650) 490-6692
David and Sian	Selikow	11622 El Camino Real	San Diego	California	92130	(858) 531-6473
Harry	Singh	11175 Azusa CT	Rancho Cucamonga	California	91730	(347) 612-0406
Jeff	Singleton	2255 Watt Avenue	Sacramento	California	95825	(916) 212-0789
Randy	Thomas	3501 W. Moore Ave	Santa Ana	California	92704	(949) 309-6393

Joe	Corsello	1220 Avenida Acaso	Camarillo	California	93012	(603) 969-2324
Asit	Modha	1341 Galaxy Way	Concord	California	94520	(847) 767-7947
David	Samuelson	5600 Sunol Blvd	Pleasanton	California	94566	(415) 940-3985
David and Sian	Selikow	11622 El Camino Real	San Diego	California	92130	(858) 531-6473
Tricia	Steiding	43176 Business Park Drive	Temecula	California	92590	(619) 708-2214
Mike	Swope	402 West Bedford Ave	Fresno	California	93711	(559) 593-3540
Taylor	Williams	15915 Blythe St	Van Nuys	California	91406	(310) 435-9755
Bertha	Beaujon	10901 West Toller Drive	Littleton	Colorado	80127	(404) 610-7682
Robert (BO)	Becker	475 W 115th Ave	Northglenn	Colorado	80234	(812) 270-0010
Zury	Duek	1100 West Littleton Blvd.	Littleton	Colorado	80120	(720) 901-5001
Justin	George	11881 E 33rd Ave	Aurora	Colorado	80010	(914) 672-8345
Scott	McAuliffe	7399 S Tucson Wy	Centennial	Colorado	80112	(978) 399-4710
Brian	Mullin	4699 Nautilus Court S	Boulder	Colorado	80301	(216) 410-5543
Steve	Raney	2801 Youngfield St.	Golden	Colorado	80401	(303) 243-2284
Rick	Webster	975 Garden of the Gods	Colorado Springs	Colorado	80907	(970) 471-0797
Paul	Hoffmann	12301 Grant Street	Thornton	Colorado	80241	(720) 215-2654
Donald	Diehl	642 Hilliard St.	Manchester	Connecticut	06042	(860) 573-2451
Troy	Heidenberg	64 Van Zant St	Norwalk	Connecticut	06855	(518) 653-7902
Kim	Kalajainen	121 Spencer Plain Road	Old Saybrook	Connecticut	06475	(860) 227-3871
John	Neff	111 Atlantic Avenue	Ocean View	Delaware	19970	(443) 614-1794
David	Sisson	128 PATRIOT DRIVE	MIDDLETOWN	Delaware	19709	(302) 765-8148
Scott	Baldwin	13791 N Nebraska Ave	Tampa	Florida	33613	(813) 897-2456
Jason	Barana	214 N. Goldenrod Rd	Orlando	Florida	32807	(407) 463-5103
Amy	Blair	143 Mentor Dr.	Naples	Florida	34110	(239) 450-8543
Josiah	Davis	625 West Bridgers Ave	Auburndale	Florida	33823	(727) 502-7632
Fran and Jim	Fox	1711 Dobbs Road	St. Augustine	Florida	32084	(609) 226-6910
Charlotte	Gillett	1957 Barber Road	Sarasota	Florida	34240	(561) 460-3377
Niki	Hermes	2027 Wilkinson Street	Panama City	Florida	32408	(615) 812-9193
Shona	Holden	2600 MLK Jr St N Suite 301	St Petersburg	Florida	33704	(727) 480-2771
Shona	Holden	2600 MLK Jr St N Suite 301	St Petersburg	Florida	33704	(727) 480-2771
Shona	Holden	2600 MLK Jr St N Suite 301	St Petersburg	Florida	33704	(727) 480-2771
Kent	Keoppel	1285 Winter Garden Vineland Rd. #120	Winter Garden	Florida	34787	(407) 401-0898
Rogelio	Lopez	38190 US Highway 27 North	Davenport	Florida	33837	(863) 330-5535
Max	Markham	11318 Distribution Ave West	Jacksonville	Florida	32256	(904) 571-3310

Mark	McMurray	146 Dunbar Avenue	Oldsmar	Florida	34677	(813) 498-9121
Keith	Ouellette	10920 N 56th St	Temple Terrace	Florida	33617	(757) 348-8919
Isaac	Phillips	140 Lurton St	Pensacola	Florida	32505	(989) 439-0105
Maria	Recondo		Parkland	Florida	33076	(954) 635-8026
Leandro	Rodriguez	1807 N 40 th Ave	Hollywood	Florida	33021	(754) 294-6162
Aaron	Ross	611 NE 5th Terrace	Crystal River	Florida	34429	(352) 999-0032
Larry	Roth	200 Knuth Road	Boynton Beach	Florida	33436	(561) 702-0982
Vince	Rozek	4931 N Dixie Hwy	Boca Raton	Florida	33431	(561) 704-3776
Maribel	Salcedo	2013 Jaffa Drive	St. Cloud	Florida	34771	(321) 388-3756
Pablo	Strika	1125 Old Dixie Hwy	Lake Park	Florida	33403	(954) 292-2846
Eduardo	Sucar	1801 N.E. 123rd Street	North Miami	Florida	33181	(786) 521-1409
Steve	Tadd	2014 17th Street	Sarasota	Florida	34234	(574) 304-1596
Aaron	Thomas	420 SW 7th street	Miami	Florida	33130	(215) 872-6293
Ed	Walsh	2781 VISTA PARKWAY	WEST PALM	Florida	33411	(816) 944-9250
Jason	Weissman	1078 Shadick Dr	Orange City	Florida	32763	(407) 777-4250
Roberto	Arriola	156 East Bloomingdale Avenue	Brandon	Florida	33511	+595984150000
Mariano	Bianco	11800 Lacy Ln, Unit 102	Fort Myers	Florida	33966	(239) 464-1518
Kyle	Denzer	3411 West Main Street	Leesburg	Florida	34748	(315) 920-5322
Arthur	Layman	1270 Lake Washington Road Melbourne, Fl 32909-5343	Melbourne	Florida	32935	(321) 493-2832
Cody	Souders	333 N. Falkenburg Rd	Tampa	Florida	33619	(941) 773-5261
Maribel	Torres	13192 SW 130th Terr	Miami	Florida	33186	(202) 304-7114
Raul	Buelvas	74-A West Montgomery Crossroads	Savannah	Georgia	31406	(912) 657-1285
Tanner	Cline	4123 Inola Trail Northeast	Roswell	Georgia	30075	(205) 765-5647
Greg	Costello	659 Henderson Drive	Cartersville	Georgia	30120	(470) 820-9080
Garner	Elliott	3205 Industrial Way SW	Snellville	Georgia	30039	(770) 354-8494
Michael	Forte	1314 Chattahoochee Ave. NW	Atlanta	Georgia	30318	(404) 408-7254
Eric	Gibbs	5120 Pierce Ct	Evans	Georgia	30809	(910) 616-0756
Kim	Gokce	1954 Airport Rd	Chamblee	Georgia	30341	(678) 361-4200
Carly	Harrington	3167 Oakdale Rd	Hapeville	Georgia	30354	(678) 637-1258
Jennie	Hong	3300 Holcomb Bridge Rd.	Peachtree Corners	Georgia	30092	(770) 335-2753
Cindy	Krampetz	3475 Dallas Highway	Marietta	Georgia	30064	(404) 667-6014
Orlando	Lewis	1350 Scenic Highway	Snellville	Georgia	30078	(770) 990-0090
Michael	McChesney	3950 Cobb Pkwy NW	Acworth	Georgia	30101	(404) 369-9344
Lawrence	Mcghee	179 Fulton CT	Peachtree City	Georgia	30269	(404) 401-8479

Eric	Abercrombie	11720 Amber Park Drive	Alpharetta	Georgia	30009	(678) 906-1308
Clayton	Kramer	1611 Fullenwider Rd	Gainesville	Georgia	30507	(706) 344-7226
Brett	Bowman	880 E Franklin Rd	Meridian	Idaho	83642	(801) 979-2738
Jeffrey	Atwell	5324 W 124th Street	Alsip	Illinois	60803	(708) 466-0153
Morgan	Dugan	2300 Wisconsin Ave	Downers Grove	Illinois	60515	(314) 276-5406
Matthew	Ferguson	23915 Aero Ct.	Plainfield	Illinois	60585	(773) 457-8256
Sam	Fong	316 Copper Springs Ln	Elgin	Illinois	60124	(224) 465-6235
Mike and Norma	Gagliano	270 Eisenhower Lane N	Lombard	Illinois	60148	(847) 257-6896
Blake	Latta	1275 Roosevelt Rd	West Chicago	Illinois	60185	(630) 303-3786
Thomas	Peterson	445 W Erie St	Chicago	Illinois	60654-6956	(630) 885-4084
Brian	Pokorny	1815 West Berteau Avenue	Chicago	Illinois	60613	(216) 832-5956
David	Stone	8052 Monticello Avenue	Skokie	Illinois	60076	(847) 909-8668
Calvin	Teubel	1902 Fox Dr	Champaign	Illinois	61820	(217) 552-6515
Ron	Burke	720 Industrial Drive	Cary	Illinois	60013	(847) 873-6602
Judith	O'reilly	1442 Whitespire Ct	Naperville	Illinois	60565	(630) 880-3033
Jason	Barrett	108 W Temperance St	Ellettsville	Indiana	47429	(251) 776-2165
Travis	Blankenship	5922 W. 71st St.	Indianapolis	Indiana	46278	(972) 922-5657
Jason	Dukes	2692 Grissom Street	Columbus	Indiana	47203	(812) 371-8231
Marty	Post	15470 Endeavor Drive	Noblesville	Indiana	46060	(913) 369-5015
Terry	Turman	13295 North Illinois Street	Carmel	Indiana	46032	(317) 340-5743
Joel	Badskey	222 E. Collins Rd	Fort Wayne	Indiana	46825	(574) 322-9012
Brett	Johnson	121 SE Shurfine Dr	Ankeny	Iowa	50021	(515) 988-8228
Nathan	DeFord	7103 Chancellor Dr.	Cedar Falls	Iowa	50613	(515) 556-3743
Joe	Barker	14218 Eby St	Overland Park	Kansas	66221	(913) 669-3653
Ryan	Hartman	8500 Shawnee Mission Parkway	Merriam	Kansas	66202	(913) 481-3801
Amy	Schertz	9000 E 46th St North	Bel Aire	Kansas	67226	(316) 617-5347
Brittany	Miles	8007 Vine Crest Avenue	Louisville	Kentucky	40222	(502) 930-5011
Jeremy	Satterwhite	1042 #2 Elizabeth St	Nicholasville	Kentucky	40356	(859) 621-3952
Charles	St. Clair	12224 Aiken Rd	Louisville	Kentucky	40223	(502) 930-7887
Keith	Johnson	13405 Seymour Meyers Blvd	Covington	Louisiana	70433	(813) 362-8663
Mike	Cain	4405 Zenith St	Metairie	Louisiana	70001	(225) 936-3620
Alan	Goldfeder	1421 Clarkview Rd	Baltimore	Maryland	21209	(410) 929-3014
Ramsey	Moorman	2147 Priest Bridge Drive	Crofton	Maryland	21114	(443) 332-7447
Vincenzo	Salina	12288 Wilkins Avenue	Rockville	Maryland	20852	(312) 919-8903

Sonya	Sbar	10850 Hanna Street	Beltsville	Maryland	20705	(703) 407-1438
Ron	Beauregard	802 MacArthur Blvd	Pocasset	Massachusetts	02559	(617) 239-2603
Ron	Beauregard	802 MacArthur Blvd	Pocasset	Massachusetts	02559	(617) 239-2603
Ron	Beauregard	802 MacArthur Blvd	Pocasset	Massachusetts	02559	(617) 239-2603
Michael	DelRossi	65 Great Road Unit 1	Acton	Massachusetts	01720	(617) 962-7187
Erick	Sousa	28 Anawan St	Fall River	Massachusetts	02721	(508) 415-0220
Glen	Thornton	162 Industrial Blvd	Hanson	Massachusetts	02341	(339) 793-0273
Dalia	Debs	800 W Cummings Park	Woburn	Massachusetts	01801	(781) 738-4048
Jack	Cahn	3235 Reid Rd.	Grand Blanc	Michigan	48439	(248) 762-0311
Marty	England	3091 W Houghton Ave	West Branch	Michigan	48661-9601	(989) 225-3181
Matt	Fritz	2279 Star Ct	Rochester Hills	Michigan	48309	(248) 931-5957
Erick	Hatfield	475 36th Street SE	Grand Rapids	Michigan	49548	(616) 551-8832
Ken And Amy	Kish	1023 Bishop Road	Grosse Pointe Park	Michigan	48230	(313) 770-7195
Jeff	Kuhlman	3707 Old 27 S	Gaylord	Michigan	49735	(231) 330-6091
Julie	Piccone	47015 5 Mile Road	Plymouth	Michigan	48170	(248) 880-8943
Adam	Shepherd	848 West River Center	Comstock	Michigan	49321	(616) 550-0597
Jeremy	Witte	25678 Northline Rd	Taylor	Michigan	48180	(734) 625-6118
Stacia	Grzywna	6603 Cotter Avenue	Sterling Heights	Michigan	48314	(586) 201-6865
Kayla	Akers	6451 McKinley Street NW	Ramsey	Minnesota	55303	(562) 252-2945
Casey	Bloemke	311 1st Ave NE	Osseo	Minnesota	55369	(773) 430-8660
Sheel	Malaviya	10800 Normandale Boulevard	Bloomington	Minnesota	55437	(952) 200-2296
Joe	Pederson	1351 Romeo Court	Chaska	Minnesota	55318	(612) 845-9421
Matt	Swarthout	3186 Landon Ct	Chaska	Minnesota	55318	(612) 384-7447
Linda	Wutzke	2112 Broadway St NE	Minneapolis	Minnesota	55413	(612) 554-8587
Peter	Majkozak	1602 Maple Grove Road	Duluth	Minnesota	55811	(218) 355-0519
Paul	Nichol	330 Mill Bay South	Afton	Minnesota	55001	(651) 247-8439
Jackson	Randall	21 Hardy Court Shopping Center	Gulfport	Mississippi	39507	(228) 861-2926
Scott	Evans	96 Meramec Valley Plaza	St. Louis	Missouri	63088	(636) 346-9075
Scott	King	924 SW LOULA DR	Lee's Summit	Missouri	64081	(816) 916-5792
Matthew	Lee	7048 Universal Ave.	Kansas City	Missouri	64120	(773) 573-7722
Jeremy	Tucker	722 Spirit of St Louis Blvd	Chesterfield	Missouri	63005	(314) 341-4404
Dan	Adkins	358 N 76th St	Omaha	Nebraska	68114	(712) 309-1100
Alexy	Azema	3663 East Sunset Road	Las Vegas	Nevada	89120	(702) 815-4486
Brad	Brown	4455 W. Sunset Rd	Las Vegas	Nevada	89118	(801) 472-4399

Scott (bear)	Olsen	455 Franklin Way	Sparks	Nevada	89431	(775) 870-6408
Jeremy	Sandberg	2654 W Horizon Ridge Pkwy	Henderson	Nevada	89052	(801) 636-5032
Nick	Shostak	1 Corporate Park Drive	Derry	New Hampshire	03038	(603) 361-4420
Steve	Terhune	120 Industrial Park Dr.	Dover	New Hampshire	03820	(603) 498-1508
Jeffrey	Bell	5 North Olney Ave	Cherry Hill	New Jersey	08003	(609) 828-0144
Jeffrey	Bell	5 North Olney Ave	Cherry Hill	New Jersey	08003	(609) 828-0144
Jeffrey	Bell	5 North Olney Ave	Cherry Hill	New Jersey	08003	(609) 828-0144
Jeffrey	Bell	5 North Olney Ave	Cherry Hill	New Jersey	08003	(609) 828-0144
Steve	Dipollina	2 Ilene Court	Hillsborough	New Jersey	08844	(860) 428-0020
Jasmine	Hicks	80 Verona Avenue	Verona	New Jersey	07044	(347) 799-7886
Mark	Mitev	72 West Main street	Ramsey	New Jersey	074446	(201) 819-7932
Leigh Ann	Wojciechowski	2906 William Penn Highway	Easton	New Jersey	18045	(412) 953-3016
Jennifer	Wylie	1015 Paulison Ave	Clifton	New Jersey	07011	(973) 801-0334
Matt	Donohue	615 Sherwood Parkway	Mountainside	New Jersey	07092	(201) 563-7639
Elizabeth	Jenner	1120 Halliard Ave	Beachwood	New Jersey	08722	(585) 705-2550
Michael	Feferman	5850 Osuna Rd. NE	Albuquerque	New Mexico	87109	(512) 914-2571
Hussien	Abdelaziz	49 Englewood ave	Staten Island	New York	10309	(347) 992-9157
Mike	Erickson - Klink	254 Wisner Avenue	Middletown	New York	10940	(845) 591-6743
Brad	Hawkins	5998 W. Genesee St.	Camillus	New York	13031	(814) 769-6666
Chris	Chimera	3950 Long Beach Road	Island Park	New York	11558	(347) 418-1618
Brian	Donegan	1000 Turk Hill Road	Fairport	New York	14450	(315) 399-8122
Joseph	Holtz	3199 Albany Post Rd	Buchanan	New York	10511	(610) 570-9579
Marie Angela	Newell	270 Main Street	Port Washington	New York	11050	(516) 497-6399
Jason	Clark	2000 Ashley Wade Lane	Chapel Hill	North Carolina	27516	(910) 382-7419
Mike	DiMeglio	745 Merritt Capital Drive	Wake Forest	North Carolina	27587	(407) 257-4912
Helmut	Groschaedl	700 Grandin Rd	Charlotte	North Carolina	28208	(571) 271-3525
Marty	Hartwell	1204 Village Market Place	Morrisville	North Carolina	27560	(919) 649-2885
Randy	Hatteberg	330 Pineview Dr.	Kernersville	North Carolina	27284	(336) 745-6090
Dan and Denise	Kester	181 Donmoor Court	Garner	North Carolina	27529	(410) 717-6981
Joe	Nemec	14330 S Lakes Dr	Charlotte	North Carolina	28273	(980) 245-0170
Beth	Scholtes	131 Crosslake Park Dr	Mooresville	North Carolina	28117	(630) 222-2515
Lucas	Wilson	13087 Bleinheim Lane	Matthews	North Carolina	28105	(980) 207-9424
Michael	Howard	2911 Pacific Ave	Greensboro	North Carolina	27406	(336) 324-9727

Grady	Sullivan	423 Shipyard Blvd	Wilmington	North Carolina	28412	(913) 558-5314
Jason	Andler	8054 Frank Ave. NW	North Canton	Ohio	44720	(330) 933-1110
Dave	Blasko	6779 Engle Road	Middleburg Heights	Ohio	44130	(330) 319-3063
Eric	Curtis	1500 Springfield Street	Dayton	Ohio	45403	(513) 432-2116
Katie	Fitzgerald	11260 Cornell Park Dr	Blue Ash	Ohio	45242	(513) 250-2547
Paul	Kowalik	425 Tomahawk Drive	Maumee	Ohio	43537	(419) 356-3908
Tracy	Moten	4704 Darrow Rd	Stow	Ohio	44224	(330) 842-4514
Tracy	Moten	4704 Darrow Rd	Stow	Ohio	44224	(330) 842-4514
Todd	Pohlmann	7500 Green Meadows Dr	Lewis Center	Ohio	43035	(419) 783-9944
Matthew	Relyea	4440 Reynolds Drive	Hilliard	Ohio	43026	(614) 519-3841
Michelle	Sekki	8805 East Ave	Mentor	Ohio	44060	(440) 343-3367
John	Toth	681 Moore Rd.	Avon Lake	Ohio	44012	(216) 409-7277
Andrew	Fouch	157 S Vernon St	Sunbury	Ohio	43074	(614) 778-8023
Wesley	Sherman	1509 Blatt Boulevard	Gahanna	Ohio	43230	(419) 305-3549
Scott	Blomgren	2418 N. Moore Avenue	Moore	Oklahoma	73160	(405) 628-9627
Carey	Cox	201 S Houston Ave	Tulsa	Oklahoma	74127	(918) 845-8569
Zach	Hines	908 Bridon Circle	Yukon	Oklahoma	73099	(405) 520-3487
Pat	Kinnison	2745 South Memorial Drive	Tulsa	Oklahoma	74129	(918) 809-4004
Patrick	Booher	20705 Brinson Blvd	Bend	Oregon	97701	(415) 246-3873
Jeff	D'Antonio	8122 Perry Hwy	Pittsburgh	Pennsylvania	15237	(412) 600-3494
James	Darr	103 Rotary Dr	West Hazleton	Pennsylvania	18202	(570) 313-1249
Gary	Hill	1512 West Main Street	Collegeville	Pennsylvania	19426	(610) 357-7561
Lori	Hood	833 Lincoln Ave	West Chester	Pennsylvania	19380	(610) 745-5010
Dan and Liz	Kaufman	587 Bethlehem Pike	Montgomeryville	Pennsylvania	18936	(215) 327-2706
Kristen	Kopp	50 N Northern Way	York	Pennsylvania	17402	(717) 659-8505
Michael	Schaffer	304 Old Lancaster Rd	Merion Station	Pennsylvania	19066	(215) 606-7425
Evan	Schaffner	3277 W. Ridge Pike	Pottstown	Pennsylvania	19464	(954) 263-3939
Wendy	Langan	415 St. John's Church Road	Camp Hill	Pennsylvania	17011	(717) 503-9062
Jennifer	Offidani	553 Druid Hill Rd.	Lancaster	Pennsylvania	17602	(717) 587-2992
Dereck	Bairos	20 Alice Agnew Dr	North Attleboro	Rhode Island	02763	(401) 654-1261
Timothy	Oswald	63 Sockanosset Cross Road	Cranston	Rhode Island	02920	(401) 714-2556
Keith	Thomas	114 Granite Street	Westerly	Rhode Island	02891	(401) 500-1297
Mike	Balthazrr	1460 Inman Rd	Wellford	South Carolina	29385	(864) 601-0523
Mike and Kathryn	Cummings	593 Sandy Lane	Surfside Beach	South Carolina	29575	(770) 880-8513
Jerry	Gray	1120 W Butler Rd	Greenville	South Carolina	29607	(803) 665-9720

Robert	Greenlaw	101 Trade Zone Dr.	West columbia	South Carolina	29170	(803) 586-4874
Robert	Greenlaw	101 Trade Zone Dr.	West columbia	South Carolina	29170	(803) 586-4874
Chris	Minick	110 Traders Cross	Bluffton	South Carolina	29909	(513) 515-9760
Johnny	Rishmawi	1838 Habersham Square	Florence	South Carolina	29501	(843) 933-0943
Anthony	Sanders	2398 Clements Ferry Road	Charleston	South Carolina	29492	(843) 214-3163
Guy	Critelli	176 Wesley Reed Drive	Atoka	Tennessee	38004	(901) 568-6510
Scott	Grisham	316 W Lytle St	Murfreesboro	Tennessee	37130	(615) 613-2386
Robin	Haffer	4662 Old Broadway St	Knoxville	Tennessee	37918	(512) 312-8011
Parker	Higgins	3511 Gallatin Pike	Nashville	Tennessee	37216	(248) 807-9056
Richard	Innes	1128 Harpeth Industrial Court	Franklin	Tennessee	37064	(615) 319-8867
Nathan	Roach	4295 Cromwell Rd	Chattanooga	Tennessee	37421	(256) 424-1940
Harry and Marcella	Wojnar	141 New Shackle Island Rd	Hendersonville	Tennessee	37075	(270) 221-2202
Johnnie	Akin	4007 County Road 314	Rockdale	Texas	76567	(972) 310-7355
Javier	Alonso	18720 Stone Oak	San Antonio	Texas	78258	(210) 863-7343
Muthu	Annamalai	1521 Reprise Bnd	Round Rock	Texas	78681	(512) 484-0035
John	Conroy	7009 Redstone Lane	Plano	Texas	75024	(972) 342-6283
Alex	Courtney	14311 Toepperwein Rd	San Antonio	Texas	78233	(210) 935-2358
Preston	Dumas	951 E FM 646	League City	Texas	77573	(512) 653-6576
Jim	Gauden	544 Frenchpark Dr	Haslet	Texas	76052-3054	(715) 892-5068
Fredelin	Germain	2535 FM-685	Hutto	Texas	78634	(512) 705-4818
Michael	Gustafson	9039 Katy Freeway	Houston	Texas	77024	(832) 461-7078
Joe	Jordan	1313 Village Green Dr.	Southlake	Texas	76092	(972) 977-9949
Linda and Jonathan	Leach	200 E. Sunset Rd. Ste C	El Paso	Texas	79922	(915) 525-3309
Luis	Leon-Ponte	18720 Stone Oak Parkway #113	San Antonio	Texas	78258	(210) 863-7343
Ashley	Massie	1114 Lawrence St	Rosenberg	Texas	77471	(832) 332-1150
Cristina	Picazo	11220 W Loop 1604 N	San Antonio	Texas	78254	(210) 866-3866
Tammy	Prahl	9355 John W Elliott Dr	Frisco	Texas	75033	(469) 400-5545
Britton	Reger	1310 Chishom Valley Dr	Round Rock	Texas	78681	(352) 362-7469
Katie	Sihler	464 Sapling Drive	Driftwood	Texas	78619	(202) 536-9774
Reinel	Solano	2050 North Loop W	Houston	Texas	77018	(832) 651-3252
Kevin	Temple	3107 Scott Drive	Austin	Texas	78734	(512) 627-7171
John	Thompson	16190 Hwy 31 West	Tyler	Texas	75709	(512) 294-8509
Joshua	Carter	2623 Country Meadow Lane	Wylie	Texas	75098	(469) 631-1198

Tamara	Cohen	118 Lynn Avenue	Lewisville	Texas	75057	(907) 727-6181
Jeff	Eberle	14005 FM 730 N	Azle	Texas	76020	(504) 669-2729
Scott	Fitzherbert	1836 W. Virginia	McKinney	Texas	75068	(214) 236-4803
Patrick	Harris	7037 Twin Hills Avenue	Dallas	Texas	75231	(503) 913-2055
Keith	Lindemulder	1801 Royal Lane	Farmers Branch	Texas	75229	(704) 960-8783
Joe	Provost	11412 Buvinghausen St	Tomball	Texas	77377	(346) 855-0804
Elliot	Fall	2698 S Redwood Rd	West Valley City	Utah	84119	(801) 898-1985
Adrian	Orme	3262 W. Lewiston Circle	South Jordan	Utah	84095	(801) 870-5296
Bob	McRae	570 E 1700 S	Clearfield	Utah	84015	(801) 663-6912
Jeffrey	Bell	3910 Shelburne Rd	Shelburne	Vermont	05482	(609) 828-0144
Jeffrey	Bell	3910 Shelburne Rd	Shelburne	Vermont	05482	(609) 828-0144
Jeffrey	Bell	3910 Shelburne Rd	Shelburne	Vermont	05482	(609) 828-0144
Natalie	Craigmile	1 W Market St	Leesburg	Virginia	20176	(703) 915-3910
Axel	Gomez	1170 Lance Rd	Norfolk	Virginia	23502	(757) 904-8034
Hamid	Hamidi	9306 Laurel Oak Dr	Fredericksburg	Virginia	22407	(540) 408-9764
Resa	Kierstein	111 K Carpenter Drive	Sterling	Virginia	20164	(703) 447-2894
Dan	Lyman	506 Shaw Rd Ste 312	Sterling	Virginia	20166	(703) 398-4558
William	Mahoney	11311 Business Center Drive	North Chesterfield	Virginia	23236	(804) 931-0561
Shaun	Mealy	8409 Glazebrook Ave	Richmond	Virginia	23228	(240) 498-5819
John	Redding	1461 London Bridge Rd	Virginia Beach	Virginia	23453	(757) 286-2048
Kimberly	Salameh	12972 Harbor Drive	Lake Ridge	Virginia	22192	(703) 615-5777
Kenny	Spence	6905 Roanoke Road	Shawsville	Virginia	24162	(540) 537-5288
Owen	Sullivan	8455 Tyco Road	Vienna	Virginia	22182	(703) 863-3744
Tatiana	Turner	1607 Bridge Rd	Suffolk	Virginia	23433	(757) 814-8422
Randy	Osborne	200 W. 12th Street	Waynesboro	Virginia	22980	(603) 860-7467
Mark	Baldwin	4129 Stone Way N	Seattle	Washington	98103	(732) 309-3348
Anthony	Cross	14940 NE 95th ST	Redmond	Washington	98052	(425) 444-2400
Wendi	Forester	10305 139th St Ct E	Puyallup	Washington	98374	(530) 524-0773
Andrea	Hansen	19501 144th Avenue NE	Woodinville	Washington	98072	(917) 770-5344
David	Lee	6329 204th St. SW	Lynnwood	Washington	98036	(206) 601-1800
Carter and Brie	Stevenson	2025 E Trent Ave	Spokane	Washington	99202	(509) 992-1144
Toby	Tabor	9321 NE 72 Ave	Vancouver	Washington	98665	(503) 209-1796
Andrea	Hansen	19501 144th Avenue NE	Woodinville	Washington	98072	(917) 770-5344
Jared	Browning	6524 Seybold Rd	Madison	Wisconsin	53719	(608) 320-2071
Rachel	Radue	s38 w27815 Merriwood Court	Waukesha	Wisconsin	53189	(920) 901-3286

Matt	Werner	N15 W22218 Watertown Rd.	Waukesha	Wisconsin	53186	(262) 510-5711
Matt	Werner	N15 W22218 Watertown Rd.	Waukesha	Wisconsin	53186	(262) 510-5711
Glenn	Wells	5530 Neubert Rd	Appleton	Wisconsin	54913	(920) 944-8675
Donovan	Alonzo	309 South Summit View Drive	Fort Collins	Wyoming	80534	(307) 640-5640

FRANCHISE AGREEMENTS SIGNED BUT NOT YET OPEN AS OF DECEMBER 31, 2025

Nicole	Monte	2439 W. Jacinto Ave.	Mesa	Arizona	85020	(419) 308-0221
Brynna	Donn	539 McCarty Ave	Mountain View	California	94041	(650) 248-8008
Devin	Hedgepeth	8811 Burton Way, Apt 219	West Hollywood	California	90048	(469) 608-9862
Moazzam	Khan	565 W Weller Ave	Mountain House	California	65361	(415) 769-9873
Fuad	Rahman	137 Blake Ave	Santa Clara	California	95051	(408) 858-1304
Chafic	Rouhana	10494 White Birch Dr	San Diego	California	92131	(619) 991-1077
Jeffrey	Blanton	2323 N State St	Bunnell	Florida	32110	(301) 752-2977
Vincent	Hogan	33751 Landsman Loop	Wesley Chapel	Florida	33543	(269) 743-9835
Joseph	Sanchez	131 Anona PL	Indian Harbor Beach	Florida	32937	(618) 979-7606
Gary	Wilson	2173 Northwest 22nd Street	Pompano Beach	Florida	33069	(561) 329-0077
James	Berry	5028 S Atlanta Rd	Atlanta	Georgia	30339	(678) 468-9294
Steve	Bickford	48 Horseshoe Bend Way	Northfield	Georgia	30276	(847) 767-2828
Michael	Schmidt	3145 Gateway Drive	Peachtree Corners	Georgia	30071	(404) 441-1552
Skyleur	Steffensen	3887 American Way	Idaho Falls	Idaho	83402	(208) 520-5553
Mark	Ritchason	2907 Gill St	Bloomington	Illinois	61704	(309) 261-1997
Joey	Sherman	444 Lake Cook Road	Deerfield	Illinois	60015	(773) 606-3113
Larry	Toban	3312 Commercial Ave	Northbrook	Illinois	60062	(847) 423-5003
Melissa	Walters	2141 W Moffat Street	Chicago	Illinois	60647	(917) 596-7529
Anthony	Homer	117 Cypress Crossings Dr.	Belle Chasse	Louisiana	70037	(570) 534-9060
Susan	Pozzangher a	802 Pasadena Ave	Severna Park	Maryland	21146	(443) 790-2673
Wesley	Mather	6 Anns Way	Chelmsford	Massachusett s	01824	(843) 817-3397
Sam	Burchyett	15869 Revello Ct	West Olive	Michigan	49460	(734) 649-5728
Derek	Muller	774 Lakepointe St,	Grosse Pointe Park	Michigan	48230	(313) 220-2712
Benjamin	Hauser	950 5th Street West	Northfield	Minnesota	55057	(507) 321-1204

Maurice	Ragland	3047 Bartold Avenue	Maplewood	Missouri	63143	(267) 505-2040
Corwin	Wyatt	155 Gosborough Dr	Bayonne	New Jersey	07002	(732) 598-1610
David	Becker	2 Westchester Plaza, Suite 110	Elmsford	New York	10523	(917) 304-4892
George	Pericchi	3828 Westbury Lake Dr	Raleigh	North Carolina	27603	(919) 422-1137
Onur	Yereser		Raleigh	North Carolina		00905309620763
Melissa	Barnette	6244 Executive Blvd	Dayton	Ohio	45424	(614) 315-2136
Kasey	Brown	3817 Emu Dr,	Corpus Christi	Texas	78414	(307) 321-7932
Andres Serio	Casillas	4700 McKinney Ave Apt 347	Dallas	Texas	75205	(214) 433-0323
Matthew	Cronin	308 FM 1830	Argyle	Texas	76226	(214) 532-5454
Allen	Saunders	5111 Maumee River Dr	Sugar Land	Texas	77479	(630) 915-8900
Mark	Ting	8114 City Base Landing	San Antonio	Texas	78235	(210) 865-1153
Dillon	Hall	881 W 700 W	Logan	Utah	84321	(720) 324-9159
Brian	Jackson	20420 84th Ave S	Kent	Washington	98032	(253) 569-7725
Scott	Napier	11532 15th Ave NE #202	Seattle	Washington	98125	(971) 800-0028

* Some franchisees own multiple outlets

FRANCHISEES THAT LEFT THE SYSTEM IN 2025

Sammy	Sehak	9625 N 21st Dr	Phoenix	Arizona	85021	(623) 217-4430
Sammy	Sehak2	9625 N 21st Dr	Phoenix	Arizona	85021	(623) 217-4430
Sammy	Sehak3	9625 N 21st Dr	Phoenix	Arizona	85021	(623) 217-4430
Dennis	Holland	12975 Brookprinter Place	Poway	California	92064	(619) 887-9424
Lee	Hueckel	5600 Sunol Blvd	Pleasanton	California	94566	(925) 984-3725
Michael and Zyra	Ivey	11099 S. La Cienega Blvd.	Los Angeles	California	90045	(310) 266-5167
Jason	Kusel	784 Valley Ct	Grand Junction	Colorado	81505	(970) 260-9805
Erik	Lugin	5197 NW 15th Street	Margate	Florida	33063	(508) 975-5593
Chris	Waligora	1690 Fox Grape Loop	Lutz	Florida	33558	(813) 838-1624
Jeff	Fechalos	1755 N Brown Rd	Lawrenceville	Georgia	30043	(708) 657-7914
Christin	Eggener	1946B Lehigh Avenue	Glenview	Illinois	60026	(312) 388-6405
Steve	Mobile	461 Park Ave	Lake Villa	Illinois	60046	(224) 908-6499
Greg	Severns	1712 Hamilton Road	Bloomington	Illinois	61704	(309) 261-0341
Jonathan	Nocjar	120 Thadeus Street	South Porland	Maine	04106	(919) 225-2645
Mike	Hammond	780 West Maple Road	Troy	Michigan	48084	(734) 320-0655
Robert	Lacrosse	10825 Marshall Road	South Lyon	Michigan	48178	(419) 450-7699

Trent	Mcnatt	22829 Heslip Dr.	Novi	Michigan	48375	(248) 962-6158
Alexander	Mikhailov	2982 Business One Drive	Kalamazoo	Michigan	49048	(253) 329-0304
Chip	Dozier	304 Ries Ct	Ballwin	Missouri	63021	(636) 233-8945
William	Hancock	17802 Storage Road	Omaha	Nebraska	68136	(402) 942-4111
Jim	Giordano	2 Hillview Avenue	Rennselaer	New York	12144	(518) 755-4310
Ina	Hasko	14 53rd St	Brooklyn	New York	11232	(978) 877-8304
Brad	Currin	135 Sweeten Creek Rd.	Asheville	North Carolina	28803	(843) 847-1056
Jim	Porch	3674 Express Drive	Shallotte	North Carolina	28470	(912) 580-0352
Jose	Flores-Cordova	1329 Kemper Rd.	Springdale	Ohio	45246	(513) 602-7048
David	Hawkins	4507 Park Ave	Nashville	Tennessee	37209	(901) 383-0701
Richard	Anderson	26232 FM 2978	Magnolia	Texas	77354	(936) 232-4762
Adam	Cole	22316 Grand Corner Drive	Katy	Texas	77494	(801) 647-6347
Peter	Haacker	6008 Andrews Way	Flower Mound	Texas	75028	(817) 471-5587
Leif	Kertis	4142 Business Park Dr.	Amarillo	Texas	79110	(214) 868-1376
Jason	Panke	1320 Arrow Point Dr	Cedar Park	Texas	78613	(737) 313-7774
Jeff	Szul	6936 Medallion Drive	Plano	Texas	75024	(214) 949-0776
Djibril	Thiaw	12480 J Rendon Rd	Burleson	Texas	76028	(513) 200-6170
Vincent	Wallace	675 Town Square Boulevard, Building 1A	Garland	Texas	75040	(469) 288-6310
Matt	Finch	16 s 1000 e	Mapleton	Utah	84664	(801) 376-8822
Rochelle	Van Wagoner	1452 Stone Field Way	Pleasant View	Utah	84414	(719) 641-1679
Sid	Norton	7763 S Allen Street	Midvale	Utah	84047	(317) 508-7634
Lance	Tone	3945 Home Road	Bellingham	Washington	98226	(360) 820-6754

Franchisees with signed but unopened outlets that exited the system in 2025

Javier	Molina	1395 Brickell Ave	Miami	Florida	33131	(786) 863-1739
Nauman	Arshad	1863 Norhurst Way North	Catonsville	Maryland	21228	(443) 208-6685
Shawn	Mooney	13 Mayflower Rd.	Woborn	Massachusetts	01801	(781) 492-6069
Christopher	Divirgilio	4716 Lohr Rd	Ann Arbor	Michigan	48108	(734) 272-7563
Mark	Scholnick	10 Fairway Dr	Eastchester	New York	10709	(310) 909-6427
Michael	Marino	902 Longwood Ct	Chalfont	Pennsylvania	18914	(215) 527-9996

Jeremy	Olson	916 Heron Creek Pass	McKinney	Texas	75071	(469) 980-8560
Bernardo	Pena		Houston	Texas		+56976494819

Transfers in 2025

Joe	Ferguson	388 Nelson Hackett Blvd	Fayetteville	Arkansas	72701	(479) 841-1352
Natalie	Damm	3175 Claremore Ave	Long Beach	California	90808	(310) 418-5873
Danny And Patricia	Ovando	7476 Pinot Place	Rancho Cucamonga	California	91739	(909) 770-4361
Mateus	Carmo	420 SW 7th St.	Miami	Florida	33130	(772) 348-1113
Jason	Gange	1125 Old Dixie Hwy	Lake Park	Florida	33403	(561) 512-0020
Bill	Hoolihan	150 E Bloomingdale Ave	Brandon	Florida	33511	(615) 674-7227
Stewart	Jones	6177 Rosecommon Dr	Norcross	Georgia	30092	(770) 337-3430
Jesse	Manska	1050 Shiloh Rd NW	Kennesaw	Georgia	30144	(470) 800-1780
Carlee	Cayton	2316 E. Sidewinder Dr	Meridian	Idaho	83645	(208) 807-1663
Rocky	Marciano	218 Blake Street South	Twin Falls	Idaho	83301	(208) 731-8455
Vince and Eileen	Rusnak	2300 Wisconsin Ave.	Downers Grove	Illinois	60515	(312) 501-6170
Mike	Gillen	130 Century Commerce Loop	Labadie	Missouri	63055	(417) 533-4800
John	Poon	2207 W Gowan Road	North Las Vegas	Nevada	89032	(702) 506-3653
Alan	Berner	80 Pompton Avenue	Verona	New Jersey	07044	(917) 902-8675
Roland	Costanzo	434 route 18	East Brunswick	New Jersey	08816	(732) 763-4734
Harsha	Makineni	425 Tomahawk Dr	Maumee	Ohio	43537	(815) 508-0400
Aaron	West	1246 West Flint Meadow Drive	Kaysville	Utah	84037	(801) 643-4882

EXHIBIT G

FINANCIAL STATEMENTS

FS Brands, Inc.

Consolidated Financial Statements
December 31, 2025 and
December 31, 2024
(expressed in US dollars)

Report of Independent Auditors

To the Management and the Board of Directors of FS Brands, Inc.

Opinion

We have audited the accompanying consolidated financial statements of FS Brands, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and December 31, 2024, and the related consolidated statements of income and comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500
Toronto, Ontario, Canada M5J 0B2
T.: +1 416 863 1133, F.: +1 416 365 8215
Fax to mail: ca_toronto_18_york_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with US GAAS, we:

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 20, 2026

FS Brands, Inc.

Consolidated Balance Sheets

As at December 31, 2025 and December 31, 2024

(expressed in US dollars)

	2025 $	2024 $
Assets		
Current assets		
Cash and cash equivalents	113,729,519	81,752,083
Restricted cash	516,435	728,048
Accounts receivable – net of allowance for doubtful accounts of $6,943,954 (2024 – $4,769,460)	99,956,897	98,370,150
Notes receivable (note 5)	1,573,802	753,999
Due from ultimate parent	3,461,107	-
Inventories	45,787,170	44,747,610
Prepaid expenses and other current assets	26,630,091	26,647,680
Income taxes recoverable	15,433,673	16,432,357
	307,088,694	269,431,927
Notes receivable (note 5)	3,468,897	9,380,811
Other assets	11,855,092	10,785,960
Property and equipment (note 6)	67,148,041	64,308,483
Intangible assets (note 7)	29,733,529	35,099,730
Goodwill (note 8)	143,465,626	137,179,959
Operating lease right-of-use asset (note 9)	92,636,424	65,005,041
	655,396,303	591,191,911

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these consolidated financial statements.

FS Brands, Inc.

Consolidated Balance Sheets…*continued*

As at December 31, 2025 and December 31, 2024

(expressed in US dollars)

	2025 $	2024 $
Liabilities		
Current liabilities		
Accounts payable	25,545,155	31,540,435
Accrued liabilities	74,861,878	69,999,391
Deferred revenue and customer deposits	43,218,590	39,806,903
Due to ultimate parent	-	21,744,502
Income taxes payable	944,857	3,404,120
Operating lease liabilities – current (note 9)	17,900,393	14,387,139
	162,470,873	180,882,490
Deferred revenue	25,016,431	22,747,519
Long-term value appreciation rights	6,664,306	9,754,020
Income taxes payable	186,059	186,059
Deferred income taxes (note 10)	8,822,305	10,949,640
Operating lease liabilities – non-current (note 9)	84,912,268	56,742,291
	288,072,242	281,262,019
Non-controlling interests (note 12)	81,104,976	72,477,028
Stockholders' Equity		
Common stock	1	1
Additional paid-in capital	29,529,067	29,529,067
Retained earnings	256,690,017	207,923,796
	286,219,085	237,452,864
	655,396,303	591,191,911

The accompanying notes are an integral part of these consolidated financial statements.

FS Brands, Inc.

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31, 2025 and December 31, 2024

(expressed in US dollars)

	2025 $	2024 $
Revenue (note 3)		
Royalties	103,293,399	99,791,571
Franchise fees	9,409,728	7,396,575
Merchandise sales	672,125,729	645,220,204
Services and other	103,768,271	97,957,315
	888,597,127	850,365,665
Costs and expenses		
Franchise operating	48,849,798	43,037,230
Cost of merchandise sales	458,233,521	447,715,916
Cost of services	13,061,535	14,386,988
General and administrative	247,925,949	227,676,089
Management fees to parent (note 4)	7,943,586	7,540,176
Depreciation and amortization	31,031,617	27,270,896
	807,046,006	767,627,295
Income from operations	81,551,121	82,738,370
Other income (expense)		
Interest income	1,799,929	663,746
Income before income taxes	83,351,050	83,402,116
Provision for income taxes (note 10)	22,519,259	23,297,857
Net income for the year	60,831,791	60,104,259
Non-controlling interests' share of earnings (note 12)	(69,556)	(2,463,477)
Non-controlling interests' redemption increment (note 12)	(5,996,013)	(5,093,012)
Net income and comprehensive income attributable to common stockholders for the year	54,766,222	52,547,770

The accompanying notes are an integral part of these consolidated financial statements.

FS Brands, Inc.

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2025 and December 31, 2024

(expressed in US dollars)

	Common stock $	Additional paid-in capital $	Retained earnings $	Total $
Balance – December 31, 2023	1	29,529,067	185,376,062	214,905,130
Dividends	-	-	(30,000,036)	(30,000,036)
Net income and comprehensive income attributable to common stockholders for the year	-	-	52,547,770	52,547,770
Balance – December 31, 2024	1	29,529,067	207,923,796	237,452,864
Dividends	-	-	(6,000,001)	(6,000,001)
Net income and comprehensive income attributable to common stockholders for the year	-	-	54,766,222	54,766,222
Balance – December 31, 2025	1	29,529,067	256,690,017	286,219,085

The accompanying notes are an integral part of these consolidated financial statements.

FS Brands, Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and December 31, 2024

(expressed in US dollars)

	2025 $	2024 $
Cash provided by (used in)		
Operating activities		
Net income for the year	60,831,791	60,104,259
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation of property and equipment (note 6)	23,356,403	19,418,258
Amortization of intangible assets	7,675,203	7,852,638
Deferred income taxes	(2,843,355)	(830,060)
Change in non-cash working capital (note 11)	5,162,915	(15,242,704)
	94,182,957	71,302,391
Investing activities		
Purchase of property and equipment	(22,927,850)	(25,182,341)
Acquisition of businesses – net of cash acquired	(4,259,276)	(4,585,803)
	(27,187,126)	(29,768,144)
Financing activities		
Repayment to parent	(25,205,609)	(1,422,459)
Purchase of non-controlling interest (note 12)	(1,111,033)	(675,508)
Sales of shares to non-controlling interests	788,633	1,051,332
Payment of dividends	(6,000,001)	(30,000,036)
Payment of dividends to non-controlling interests	(3,701,998)	(2,692,391)
	(35,230,008)	(33,739,062)
Increase in cash, restricted cash and cash equivalents during the year	31,765,823	7,795,185
Cash, restricted cash and cash equivalents – Beginning of year	82,480,131	74,684,946
Cash, restricted cash and cash equivalents – End of year	114,245,954	82,480,131
Supplementary information		
Cash paid for income taxes	26,823,189	23,138,856

The accompanying notes are an integral part of these consolidated financial statements.

(expressed in US dollars)

1 Nature of business operations

FS Brands, Inc. (the Company), incorporated on March 31, 2010, is a 97.18% owned subsidiary of FirstService CAM Holdings, Inc. (the parent), which is indirectly a 100% owned subsidiary of FirstService Corporation (the ultimate parent), a publicly owned, diversified real estate services company.

Through the following subsidiaries, CertaPro Painters Ltd., Paul Davis Restoration, Inc., California Closet Company, Inc., Pillar to Post, Inc. and Floor Coverings International, Ltd., the Company's principal function is the recruiting, training and operation of franchise systems throughout the United States. In addition, the Company controls 23 California Closet franchises, 25 Paul Davis Restoration franchises and 4 CertaPro Painters franchises.

2 Summary of significant accounting policies

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. The most significant estimates made by management relate to the initial determination of fair values of assets acquired and liabilities assumed in business combinations and the assessment of potential impairment of goodwill and intangible assets where impairment indicators have been identified. Actual results could differ from those estimates.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions between the Company and its subsidiaries are eliminated on consolidation.

Revenue recognition and unearned revenue

The Company accounts for a contract with a customer when there is approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and the collectibility of consideration is probable. The Company measures revenue based on consideration specified in the contract of each customer and recognizes revenue as the performance obligations are satisfied by transferring the control of the service or product to a customer.

- Franchisor operations

  The Company operates several franchise systems. Initial franchise fees are deferred and recognized over the term of the franchise agreement. Royalty revenue is recognized based on a contracted percentage of franchisee revenue, as reported by the franchisees. Revenue from administrative and other support services, as applicable, is recognized as the services are provided.

The Company's franchise systems operate marketing funds on behalf of franchisees. Advertising fund contributions from franchisees are reported as revenue consistent with royalty revenue, when the related franchisee revenues occur, and advertising fund expenditures are reported as expenses, when incurred in the consolidated statements of income and comprehensive income. To the extent that contributions received exceed advertising expenditures, the excess amount is accrued and offset as unearned revenue, whereas any expenditures in excess of contributions are expensed as incurred. As such, advertising fund contributions and the related revenue and expenses may be reported in different periods.

- Revenue from construction contracts and service operations other than franchisor operations

  Revenue is recognized over time as control transfers to the customer as the services are being performed. Revenue is recognized based on percentage of completion, which is based on a ratio of actual costs to total estimated contract costs. In cases where anticipated costs to complete a project exceed the revenue to be recognized, a provision for the additional estimated losses is recorded in the period when the loss becomes apparent. Amounts received from customers in advance of services being provided are recorded as unearned revenue when received and services rendered in advance of billing are recorded as work-in-process inventory.

Cash and cash equivalents

The Company considers all investments readily convertible into cash and having an initial maturity of three months or less to be cash equivalents. Cash equivalents include money market funds and time deposits, which are carried at cost and approximate fair value.

Restricted cash

Restricted cash comprises cash restricted for marketing fund use. The Company is in custody of the cash received from franchisees for use in franchisee marketing funds.

The Company's consolidated statements of cash flows explain the change during the period in the total of cash and cash equivalents and amounts generally described as restricted cash and restricted cash equivalents. The Company's restricted cash balance consists primarily of cash related to our marketing funds.

Inventories

Inventories consist of finished products, accessories and components of closet and workspace systems, painting kits, film and supplies held for resale. Inventories are valued at the lower of cost (first-in, first-out) and net realizable value. Work-in-process inventory relates to construction contracts in process and is accounted for using the percentage of completion method.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, except for leasehold improvements, which are depreciated on a straight-line basis over the lesser of the useful life of the asset or the remaining lease term.

(expressed in US dollars)

Maintenance and repairs are expensed to operations as incurred, while betterments and additions are capitalized. On sale or retirement, the cost of the property and the related accumulated depreciation are removed from the respective accounts and any resulting gains or losses are reflected in income.

Goodwill and intangible assets

Goodwill represents the excess of purchase price over the fair value of assets acquired and liabilities assumed in a business combination and is not subject to amortization.

Intangible assets are recorded at fair value on the date they are acquired and are amortized using the straight-line method over their estimated useful lives as follows:

Customer relationships	4 to 20 years
Trademark	15 to 30 years
Franchise agreements	pattern of use

Goodwill is tested for impairment annually, on August 1, or more frequently if events or changes in circumstances indicate the asset might be impaired, in which case the carrying amount of the asset is written down to fair value. Impairment of goodwill is tested at the reporting unit level. Impairment is tested by first assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Where it is determined to be more likely than not that its fair value is greater than its carrying amount, no further testing is required. When the qualitative analysis is not sufficient to support that the fair value exceeds the carrying amount, a goodwill impairment test is performed. The Company also has an unconditional option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing a quantitative goodwill impairment test. The Company may resume performing the qualitative assessment in any subsequent period. A quantitative goodwill impairment test is performed by comparing the fair value of each reporting unit to its carrying value, including goodwill. Fair value is estimated using a market multiple method, which estimates market multiples of earnings before interest, taxes, depreciation and amortization (EBITDA) for comparable entities with similar operations and economic characteristics. Significant assumptions used in estimating the fair value of each reporting unit include the market multiples of EBITDA.

Impairment of long-lived assets

The Company reviews the carrying amount of its long-lived assets including, but not limited to, property and equipment and intangible and other assets, if events or changes in circumstances indicate the asset might be impaired. The carrying amount of a long-lived asset group is considered impaired when the undiscounted cash flow from such asset group is estimated to be less than its carrying amount. In that event, a loss is recognized as the amount by which the carrying amount exceeds its fair value. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived asset groups to be disposed of would be determined in a similar manner, except that fair value would be reduced by any costs of disposal.

(expressed in US dollars)

Deferred revenue and customer deposits

Deferred revenue represents payments received in connection with services to be provided in the future and is recognized when the services have been provided. Customer deposits represent payments received as deposits in connection with California Closet products to be installed.

Notional value appreciation plans

Under these plans, subsidiary employees are compensated if the notional value of the subsidiary increases. Awards under these plans generally have a term of up to ten years and a vesting period of five years. The increase in notional value is calculated with reference to growth in earnings relative to a fixed threshold amount plus or minus changes in indebtedness relative to a fixed opening amount. If an award is subject to a vesting condition, then graded attribution is applied to the intrinsic value. The related compensation expense is recorded in selling, general and administrative expenses, the current liability is recorded in accrued liabilities, and the non-current portion is recorded in other liabilities.

Leases

The Company has lease agreements with lease and non-lease components and has elected to account for each lease component (e.g., fixed rent payments) separately from the non-lease components (e.g., common-area maintenance costs). The Company has also elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. Leases are recognized on the consolidated balance sheets when the lease term commences, and the associated lease payments are recognized as an expense on a straight-line basis over the lease term.

Income taxes

Income tax has been provided using the asset and liability method whereby deferred income tax assets and liabilities are recognized for the expected future income tax consequences of events that have been recognized in the consolidated financial statements or income tax returns. Deferred income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to reverse, be recovered or be settled. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in income in the period in which the change occurs. A valuation allowance is recorded unless it is more likely than not that realization of a deferred income tax asset will occur based on available evidence.

Non-controlling interests

The non-controlling interests (NCI)s are considered to be redeemable securities and accordingly are recorded at the greater of (i) the redemption amount; or (ii) the amount initially recorded as redeemable NCI at the date of inception of the minority equity position. This amount is recorded in the “mezzanine” section of the consolidated balance sheets, outside of stockholders’ equity. Changes in the redeemable NCIs amount are recognized immediately as they occur.

(expressed in US dollars)

Fair value measurements

Fair value measurements are measured using inputs from the three levels of the fair value hierarchy. The classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – observable market-based inputs other than quoted prices in active markets for identical assets or liabilities; and
- Level 3 – unobservable inputs for which there is little or no market data, which requires the Company to develop its own assumptions.

Concentrations

The Company's financial instruments exposed to credit risk include cash and cash equivalents, due from parent, restricted cash, accounts receivable and notes receivable. The Company places its cash, restricted cash and cash equivalents with institutions of high creditworthiness. Management routinely assesses the collectibility of its accounts receivable and notes receivable, and its credit risk is limited due to the dispersion of the customer base comprising the receivables.

During the year ended December 31, 2025, there were $2,162,216 (2024 – $2,968,464) of write-offs from the allowance for credit losses.

Business combinations

All business combinations are accounted for using the purchase method of accounting. Transaction costs are expensed as incurred.

The determination of fair values of assets and liabilities assumed in business combinations requires the use of estimates and judgment by management, particularly in determining fair values of intangible assets acquired.

The fair value of the contingent consideration is classified as a financial liability and is recorded on the consolidated balance sheets at the acquisition date and is re-measured at fair value at the end of each period until the end of the contingency period, with fair value adjustments recognized in income.

3 Revenue from contracts with customers

Franchise fee revenue recognized during the year ended December 31, 2025, that was included in deferred revenue at the beginning of the period was $8,961,905 (2024 – $7,588,809). These fees are recognized over the life of the underlying franchise agreement, usually between five – ten years.

The majority of unearned revenue as at December 31, 2024 was recognized in income in 2025.

(expressed in US dollars)

External broker costs and employee sales commissions in obtaining new franchisees are capitalized in accordance with the revenue standard and are amortized over the life of the underlying franchise agreement. Costs amortized during the year ended December 31, 2025 were $4,577,609 (2024 – $3,419,647). The closing amount of the capitalized costs to obtain contracts on the consolidated balance sheets as at December 31, 2025 was $13,362,891 (2024 – $12,683,884). There were no impairment losses recognized related to those assets in 2025.

The Company disaggregates revenue by type on the consolidated statements of income and comprehensive income. The Company's businesses primarily recognize revenue over time as they perform because of the continuous transfer of control to the customer.

4 Transactions with related parties

Management fees

The Company has a management agreement with FirstService Corporate Headquarters that provides certain administrative and management services to the Company. For the years ended December 31, 2025 and December 31, 2024, the fees for such services totalled $7,943,586 (2024 – $7,540,176). These transactions were in the normal course of operations and measured at the exchange amount.

Note receivable

The Company had a note receivable with FirstService Restoration from the proceeds of the sale of an operating unit. This note was paid back in 2025. For the year ended December 31, 2025, the note receivable totalled $nil (2024 – $7,232,377).

Intercompany receivable

The Company has an intercompany receivable from FirstService Corporation of $1,275,799 (2024 – $nil). This amount is comprised of operational expenses and interest receivable related to funding.

Intercompany payable

The Company had an intercompany payable to FirstService Corporation, which was paid in 2025 in the amount of $24,000,000. For the year ended December 31, 2025, the note receivable totalled $nil (2024 – $21,744,502). This amount was comprised of operational funding for acquisitions and interest payable related to funding.

5 Notes receivable

The Company has notes receivable from franchisees for various franchise fees and royalties. These notes bear interest at rates ranging from nil% to 8%, are unsecured and repayable in monthly instalments. Also included in notes receivable are amounts owing from certain NCI stockholders. The total amount due from NCIs is $909,134 (2024 – $473,038). The interest rate on these notes range between 2.5% to 6%.

(expressed in US dollars)

As at December 31, 2025, annual maturities on the notes receivable were as follows:

	$
2026	1,573,803
2027	870,001
2028	620,473
2029	502,229
2030	205,772
Thereafter	1,270,422
	5,042,700
Less: Allowance for doubtful accounts	-
	5,042,700
Less: Current portion	1,573,803
	3,468,897

6 Property and equipment

				2025
	Depreciation period	**Gross carrying amount $**	**Accumulated depreciation $**	**Net $**
Production equipment	5 to 7 years	43,941,490	33,933,766	10,007,724
Vehicles	5 years	52,234,120	34,837,207	17,396,913
Furniture and fixtures	5 to 7 years	14,738,961	12,091,015	2,647,946
Computers and equipment	5 to 7 years	70,807,971	45,673,825	25,134,146
Leasehold improvements	Lease term	30,255,275	18,293,963	11,961,312
		211,977,817	144,829,776	67,148,041

				2024
	Depreciation period	**Gross carrying amount $**	**Accumulated depreciation $**	**Net $**
Production equipment	5 to 7 years	46,520,585	35,429,443	11,091,142
Vehicles	5 years	47,840,441	30,679,291	17,161,150
Furniture and fixtures	5 to 7 years	15,040,892	12,212,684	2,828,208
Computers and equipment	3 to 5 years	64,347,541	39,019,272	25,328,269
Leasehold improvements	lease term	24,665,611	16,765,897	7,899,714
		198,415,070	134,106,587	64,308,483

(expressed in US dollars)

Depreciation expense totalled $23,356,403 (2024 – $19,418,258) for the years ended December 31, 2025 and December 31, 2024.

7 Intangible assets

	2025		
	Gross carrying amount $	**Accumulated amortization $**	**Net $**
Trademarks	10,774,499	7,875,420	2,899,079
Franchise agreements	53,077,039	44,963,906	8,113,133
Customer relationship	34,503,051	16,564,690	17,938,361
Non-compete and other	4,991,783	4,208,827	782,956
	103,346,372	73,612,843	29,733,529

	2024		
	Gross carrying amount $	**Accumulated amortization $**	**Net $**
Trademarks	10,774,499	7,644,120	3,130,379
Franchise agreements	53,077,051	41,508,005	11,569,046
Customer relationship	32,766,043	13,478,701	19,287,342
Non-compete and other	4,419,790	3,306,827	1,112,963
	101,037,383	65,937,653	35,099,730

Amortization expense totalled $7,675,214 (2024 – $7,852,638) for the years ended December 31, 2025 and December 31, 2024.

	$
2026	6,708,421
2027	4,393,767
2028	3,463,835
2029	3,237,348
2030	3,163,982

(expressed in US dollars)

8 Goodwill

Goodwill represents the excess of purchase price over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. A test for goodwill impairment is required to be completed annually, in the Company's case as at August 1, or more frequently if events or changes in circumstances indicate the asset might be impaired. Based on the quantitative assessment in 2025, the Company concluded that goodwill is not impaired.

	$
Balance as at December 31, 2023	135,209,812
Goodwill acquired during the year	2,359,081
Goodwill adjustment during the year	(388,934)
Balance as at December 31, 2024	137,179,959
Goodwill acquired during the year	6,286,648
Goodwill adjustment during the year	(981)
Balance as at December 31, 2025	143,465,626

9 Leases

The Company has operating leases for corporate offices, copiers and certain equipment. The leases have remaining lease terms of one to ten years, some of which may include options to extend the leases for up to eight years, and some of which may include options to terminate the leases within one year. The Company evaluates renewal terms on a lease-by-lease basis to determine if the renewal is reasonably certain. The amount of operating lease expense recorded in the consolidated statements of income and comprehensive income was $23,081,787 (2024 – $18,443,863).

Other information related to leases is as follows:

Supplemental cash flows information, year ended December 31, 2025	
Cash paid for amounts included in the measurement of operating lease liabilities	$19,171,752
Right-of-use assets obtained in exchange for operating lease obligation	$45,291,774
Weighted average remaining operating lease term	6.65 yrs
Weighted average discount rate	6.76%

(expressed in US dollars)

The following represent operating lease commitments:

	$
2026	16,899,515
2027	20,799,955
2028	17,501,595
2029	15,049,109
2030 and thereafter	46,691,358
	116,941,532

10 Income taxes

The statutory rate is 26.5% and the effective rate is 26.72%. The primary reconciling items relate to permanent differences and adjustments to tax liabilities for prior periods.

Income tax differs from the amounts that would be obtained by applying the statutory rate to the respective year's income before income tax. Differences result from the following items:

	2025 $	2024 $
Income tax expense using combined federal and state statutory rate of 26.5% (2024 – 26.5%)	22,088,028	22,101,567
Permanent differences	11,580	568,727
Temporary differences	(547,398)	346,863
Net operating losses	18,883	142,179
Foreign, state and provincial tax rate differential	426,001	427,740
Tax adjustments	274,166	(535,048)
Other taxes	247,999	245,829
Provision for income taxes as reported	22,519,259	23,297,857

The components of the provision for income tax are as follows:

	2025 $	2024 $
Current provision		
Federal	19,539,727	18,404,257
State	5,822,890	5,723,660
	25,362,617	24,127,917
Deferred recovery		
Federal	(2,355,777)	(626,391)
State	(487,581)	(203,669)
	(2,843,358)	(830,060)
	22,519,259	23,297,857

(expressed in US dollars)

The components of deferred income tax assets and liabilities are as follows:

	2025 $	2024 $
Deferred income tax assets		
Accrued expenses	9,933,923	8,119,953
Bad debt	1,018,058	796,971
Charitable contributions	4,062	-
Interest expense	230,074	2,101
Future benefit of tax losses	6,506,712	3,314,978
	17,692,829	12,234,003
Deferred income tax liabilities		
Purchased goodwill and intangible assets	10,106,797	10,004,605
Property and equipment	13,745,617	11,116,053
Investment in partnership	771,026	742,523
	24,623,440	21,863,181
Net deferred income tax liabilities before valuation allowance	6,930,611	9,629,178
Valuation allowance	1,891,694	1,320,462
Net deferred income tax liabilities	8,822,305	10,949,640

The number of years with open tax audits varies depending on the tax jurisdiction. The Company's taxing jurisdiction is the United States of America. With few exceptions, the Company is no longer subject to US federal, state and local income tax examinations by tax authorities for years before 2016.

The Company does not currently expect any material impact on income to result from the resolution of matters relating to open taxation years; however, actual settlements may differ from amounts accrued. Currently, it is not reasonably possible to determine whether unrecognized tax benefits will increase or decrease within the next 12 months with respect to settlements of tax audits. The Company has made its current estimates on facts and circumstances known to date and cannot predict subsequent or changed facts and circumstances that could affect its current estimates.

(expressed in US dollars)

11 Change in non-cash working capital

	2025 $	2024 $
Accounts receivable	584,147	(24,533,518)
Inventories	(1,039,560)	2,196,839
Notes receivable	5,092,110	591,768
Prepaid expenses and other current assets	(254,532)	(8,363,690)
Accounts payable	(7,714,475)	11,186,909
Accrued liabilities	311,930	541,959
Deferred revenue and customer deposits	5,663,199	(1,051,355)
Income taxes	(1,460,579)	989,058
Other liabilities	3,980,675	3,199,326
	5,162,915	(15,242,704)

12 Non-controlling interests

The following table provides a reconciliation of the beginning and ending amounts for NCIs:

	2025 $	2024 $
Balance – Beginning of year	72,477,028	66,979,653
Share of earnings of NCI	69,556	2,463,477
Redemption increment of NCI	5,996,013	5,093,012
Distributions paid to NCI	(3,701,998)	(2,692,391)
Purchase of NCI	(1,111,033)	(675,508)
Sale of NCI	7,375,412	1,308,785
Balance – End of year	81,104,978	72,477,028

The Company has stockholders' agreements in place for each of its non-wholly owned subsidiaries. These agreements allow the Company to call the NCI at a price determined with the use of a formula price, which is usually equal to a fixed multiple of average annual net income before extraordinary items, income taxes, interest, depreciation and amortization. The agreements also have redemption features, which allow the owners of the NCI to put their equity into the Company at the same price, subject to certain limitations. The formula price is referred to as the redemption amount and may be settled in cash or with the ultimate parent's shares. The redemption amount as at December 31, 2025 was $81,104,978 (2024 – $72,477,028).

(expressed in US dollars)

13 Fair values of financial instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these instruments. The following are estimates of the fair values for other financial instruments:

	Carrying amount $	Fair value $
Notes receivable	5,042,699	4,023,006
Contingent consideration	1,080,000	1,080,000

Notes receivable include amounts due from franchisees and non-controlling stockholders. Notes payable include amounts due to vendors in connection with business acquisitions. The fair values of these instruments are determined using a valuation model with prevailing interest rates obtained from third parties. The inputs used in the fair value of contingent consideration are unobservable and are therefore classified as Level 3 and relate to future cash flows and discount rates, which requires the Company to develop its own assumptions. The contingent consideration is recorded in accrued liabilities.

14 Defined contribution pension plan

The Company contributed $4,438,968 (2024 – $4,291,815) to its 401(k) plan during the year, which has been recorded as an expense in each of the respective years.

15 Acquisitions

In 2025, the Company completed the acquisition of one CertaPro Painters franchise, headquartered in San Francisco, California. The Company also acquired two Paul Davis Restoration franchises operating in Montgomery & Berks, Pennsylvania and Tulsa, Oklahoma.

(expressed in US dollars)

Details of these acquisitions are as follows:

	$
Current assets	6,235,036
Current liabilities	(3,197,438)
Non-current liabilities	(787,193)
Redeemable NCI	(6,586,779)
Net assets	(4,336,374)
Cash consideration	3,649,702
Contingent consideration	-
Total purchase consideration	3,649,702
Acquired intangible assets	2,309,002
Goodwill	6,286,648
Bargain purchase	(609,574)

In 2024, the Company completed seven acquisitions, the details of which are as follows:

	$
Current assets	632,604
Current liabilities	(230,347)
Non-current liabilities	(364,051)
Net assets	38,206
Cash consideration	2,992,114
Contingent consideration	505,800
Total purchase consideration	3,497,914
Acquired intangible assets	1,547,097
Goodwill	1,912,611

In all years presented, the fair values of NCIs for all acquisitions were determined using an income approach with reference to a discounted cash flow model using the same assumptions implied in determining the purchase consideration.

The purchase price allocations for certain transactions completed in the last 12 months are not yet complete, pending final determination of the fair value of assets acquired, the corresponding deferred tax liabilities and final working capital adjustments. The acquisitions referred to above were accounted for by the purchase method of accounting for business combinations. Accordingly, the accompanying consolidated statements of income and comprehensive income do not include any revenue or expenses related to these acquisitions prior to

their respective closing dates. There have been changes to the estimated purchase price allocations determined at the time of acquisition during the year ended December 31, 2024, and included as adjustments to goodwill (see note 8).

The determination of fair values of assets acquired and liabilities assumed in business combinations required the use of estimates and judgment by management, particularly in determining fair values of intangible assets acquired. Intangible assets acquired at fair value on the date of acquisition are recorded using the income approach on an individual asset basis. The assumptions used in estimating the fair values of intangible assets include future EBITDA margins, revenue growth rates, expected attrition rates of acquired customer relationships and the discount rates.

The Company typically structures its business acquisitions to include contingent consideration. Vendors, at the time of acquisition, are entitled to receive a contingent consideration payment if the acquired businesses achieve specified earnings levels during the one to two-year periods following the dates of acquisition. The ultimate amount of payment is determined based on a formula, the key inputs to which are (i) a contractually agreed maximum payment; (ii) a contractually specified income level; and (iii) the actual income for the contingency period. If the acquired business does not achieve the specified income level, the maximum payment is reduced for any shortfall, potentially to $nil.

The fair value of the contingent consideration liability recorded on the consolidated balance sheets as at December 31, 2025 was $1,080,000 (see note 13). The estimated range of outcomes (undiscounted) for these contingent consideration arrangements is determined based on the formula price and the likelihood of achieving specified earnings levels over the contingency period, and ranges from $1,080,000 to a maximum of $1,080,000. The $1,080,000 has been earned as of September 1, 2018 and remains unpaid as of December 31, 2025. During the year ended December 31, 2025, $505,800 was paid with reference to such contingent consideration (2024 – $670,893).

16 Impact of recently issued accounting standards

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2023-9 – Income Taxes – Improvements to Income Tax Disclosures. This ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The guidance is effective for annual periods beginning after December 15, 2025 for private corporations and should be adopted prospectively with the option for retroactive application. The Company is currently assessing the impact of this ASU on its financial disclosures.

In July 2025, the FASB issued ASU 2025-05 – Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. This ASU provides a practical expedient for all entities for the calculation of current expected credit losses on current accounts receivable and current contract assets arising from transactions accounted for under Topic 606, Revenue from Contracts with Customers. The guidance is effective January 1, 2026, and should be adopted prospectively. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

(expressed in US dollars)

In November 2024, the FASB issued ASU 2024-03 – Disaggregation of Income Statement Expenses. This ASU requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The guidance is effective January 1, 2027 and should be adopted prospectively with the option for retrospective application. The Company is currently assessing the impact of this ASU on its financial disclosures.

In January 2025, the FASB issued ASU 2025-01 – Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date, which amends ASU 2024-03. This update clarified the effective date of the guidance introduced in ASU 2024-03.

In September 2025, the FASB issued ASU 2025-06 – Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. This ASU modernizes the existing US GAAP guidance on accounting for internal-use software costs under ASC 350-40 to better reflect current software development practices. The guidance is effective January 1, 2028, and may be adopted prospectively, modified prospectively, or retrospectively, with early adoption permitted. The Company is currently assessing the impact of this ASU on its financial disclosures.

FS Brands, Inc.

Consolidated Financial Statements
December 31, 2024 and
December 31, 2023
(expressed in US dollars)

Report of Independent Auditors

To the Management and Board of Directors of FS Brands, Inc.

Opinion

We have audited the accompanying consolidated financial statements of FS Brands, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and December 31 2023, and the related consolidated statements of income and comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and December 31, 2023 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2
T.: +1 416 863 1133, F.: +1 416 365 8215, Fax to mail: ca_toronto_18_york_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
March 25, 2025

FS Brands, Inc.

Consolidated Balance Sheets

As at December 31, 2024 and December 31, 2023

(expressed in US dollars)

	2024 $	2023 $
Assets		
Current assets		
Cash and cash equivalents	81,752,083	74,395,379
Restricted cash	728,048	289,567
Accounts receivable – net of allowance for doubtful accounts of $4,769,460 (2023 – $3,822,098)	98,370,150	73,640,316
Notes receivable (note 5)	753,999	979,789
Inventories	44,747,610	46,944,449
Prepaid expenses and other current assets	26,647,680	19,367,721
Income taxes recoverable	16,432,357	14,860,359
	269,431,927	230,477,580
Notes receivable (note 5)	9,380,811	9,746,789
Other assets	10,785,960	9,622,884
Property and equipment (note 6)	64,308,483	58,187,454
Intangible assets (note 7)	35,099,730	39,809,871
Goodwill (note 8)	137,179,959	135,209,812
Operating lease right-of-use asset (note 9)	65,005,041	61,114,454
	591,191,911	544,168,844

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these consolidated financial statements.

FS Brands, Inc.

Consolidated Balance Sheets…*continued*

As at December 31, 2024 and December 31, 2023

(expressed in US dollars)

	2024 $	2023 $
Liabilities		
Current liabilities		
Accounts payable	31,540,435	20,246,247
Accrued liabilities	69,999,391	70,223,561
Deferred revenue and customer deposits	39,806,903	42,470,440
Due to ultimate parent	21,744,502	23,166,961
Income taxes payable	3,404,120	833,439
Operating lease liabilities – current (note 9)	14,387,139	12,328,887
	180,882,490	169,269,535
Deferred revenue	22,747,519	21,084,490
Long-term value appreciation rights	9,754,020	8,915,671
Income taxes payable	186,059	186,059
Deferred income taxes (note 10)	10,949,640	11,146,082
Operating lease liabilities – non-current (note 9)	56,742,291	51,682,224
	281,262,019	262,284,061
Non-controlling interests (note 12)	72,477,028	66,979,653
Stockholders' Equity		
Common stock	1	1
Additional paid-in capital	29,529,067	29,529,067
Retained earnings	207,923,796	185,376,062
	237,452,864	214,905,130
	591,191,911	544,168,844

The accompanying notes are an integral part of these consolidated financial statements.

FS Brands, Inc.

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31, 2024 and December 31, 2023

(expressed in US dollars)

	2024 $	2023 $
Revenue (note 3)		
Royalties	99,791,571	99,564,101
Franchise fees	7,396,575	6,131,358
Merchandise sales	645,220,204	584,521,531
Services and other	97,957,315	91,982,256
	850,365,665	782,199,246
Costs and expenses		
Franchise operating	43,037,230	41,994,603
Cost of merchandise sales	447,715,916	417,539,405
Cost of services	14,386,988	7,575,789
General and administrative	227,676,089	211,319,558
Management fees to parent (note 4)	7,540,176	6,772,822
Depreciation and amortization	27,270,896	29,188,378
	767,627,295	714,390,555
Income from operations	82,738,370	67,808,691
Other income (expense)		
Interest income	663,746	-
Interest expense	-	(257,558)
Income before income taxes	83,402,116	67,551,133
Provision for income taxes (note 10)	23,297,857	17,567,609
Net income for the year	60,104,259	49,983,524
Non-controlling interests' share of earnings (note 12)	(2,463,477)	(2,982,184)
Non-controlling interests' redemption increment (note 12)	(5,093,012)	(6,143,537)
Net income and comprehensive income attributable to common stockholders for the year	52,547,770	40,857,803

The accompanying notes are an integral part of these consolidated financial statements.

FS Brands, Inc.

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2024 and December 31, 2023

(expressed in US dollars)

	Common stock $	Additional paid-in capital $	Retained earnings $	Total $
Balance – December 31, 2022	1	29,529,067	144,518,259	174,047,327
Net income and comprehensive income attributable to common stockholders for the year	-	-	40,857,803	40,857,803
Balance – December 31, 2023	1	29,529,067	185,376,062	214,905,130
Dividends	-	-	(30,000,036)	(30,000,036)
Net income and comprehensive income attributable to common stockholders for the year	-	-	52,547,770	52,547,770
Balance – December 31, 2024	1	29,529,067	207,923,796	237,452,864

The accompanying notes are an integral part of these consolidated financial statements.

FS Brands, Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and December 31, 2023

(expressed in US dollars)

	2024 $	2023 $
Cash provided by (used in)		
Operating activities		
Net income for the year	60,104,259	49,983,524
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation of property and equipment (note 6)	19,418,258	19,480,882
Amortization of intangible assets	7,852,638	9,707,496
Deferred income taxes	(830,060)	(2,091,203)
Change in non-cash working capital (note 11)	(15,242,704)	(14,295,507)
	71,302,391	62,785,192
Investing activities		
Purchase of property and equipment	(25,182,341)	(19,902,538)
Acquisition of businesses – net of cash acquired	(4,585,803)	(24,455,980)
	(29,768,144)	(44,358,518)
Financing activities		
(Repayment to) advance from parent	(1,422,459)	10,886,684
Payment of notes payable	-	(456,933)
Purchase of non-controlling interest (note 12)	(675,508)	(2,429,454)
Sales of shares to non-controlling interests	1,051,332	895,199
Payment of dividends	(30,000,036)	-
Payment of dividends to non-controlling interests	(2,692,391)	(1,740,390)
	(33,739,062)	7,155,106
Increase in cash, restricted cash and cash equivalents during the year	7,795,185	25,581,780
Cash, restricted cash and cash equivalents – Beginning of year	74,684,946	49,103,166
Cash, restricted cash and cash equivalents – End of year	82,480,131	74,684,946
Supplementary information		
Cash paid for interest and dividends	-	670,526
Cash paid for income taxes	23,138,856	21,130,437

The accompanying notes are an integral part of these consolidated financial statements.

(expressed in US dollars)

1 Nature of business operations

FS Brands, Inc. (the Company), incorporated on March 31, 2010, is a 97.18% owned subsidiary of FS Property Services (U.S.) Inc. (the parent), which is indirectly a 100% owned subsidiary of FirstService Corporation (the ultimate parent), a publicly owned, diversified real estate services company.

Through the following subsidiaries, CertaPro Painters Ltd., Paul Davis Restoration, Inc., California Closet Company, Inc., Pillar to Post, Inc. and Floor Coverings International, Ltd., the Company's principal function is the recruiting, training and operation of franchise systems throughout the United States. In addition, the Company controls 22 California Closet franchises, 23 Paul Davis Restoration franchises and three CertaPro Painters franchises.

2 Summary of significant accounting policies

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. The most significant estimates made by management relate to the initial determination of fair values of assets acquired and liabilities assumed in business combinations and the assessment of potential impairment of goodwill and intangible assets where impairment indicators have been identified. Actual results could differ from those estimates.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions between the Company and its subsidiaries are eliminated on consolidation.

Revenue recognition and unearned revenue

The Company accounts for a contract with a customer when there is approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and the collectibility of consideration is probable. The Company measures revenue based on consideration specified in the contract of each customer and recognizes revenue as the performance obligations are satisfied by transferring the control of the service or product to a customer.

- Franchisor operations

  The Company operates several franchise systems. Initial franchise fees are deferred and recognized over the term of the franchise agreement. Royalty revenue is recognized based on a contracted percentage of franchisee revenue, as reported by the franchisees. Revenue from administrative and other support services, as applicable, is recognized as the services are provided.

(expressed in US dollars)

The Company's franchise systems operate marketing funds on behalf of franchisees. Advertising fund contributions from franchisees are reported as revenue consistent with royalty revenue, when the related franchisee revenues occur, and advertising fund expenditures are reported as expenses, when incurred in the consolidated statements of income and comprehensive income. To the extent that contributions received exceed advertising expenditures, the excess amount is accrued and offset as unearned revenue, whereas any expenditures in excess of contributions are expensed as incurred. As such, advertising fund contributions and the related revenue and expenses may be reported in different periods.

- Revenue from construction contracts and service operations other than franchisor operations

  Revenue is recognized over time as control transfers to the customer as the services are being performed. Revenue is recognized based on percentage of completion, which is based on a ratio of actual costs to total estimated contract costs. In cases where anticipated costs to complete a project exceed the revenue to be recognized, a provision for the additional estimated losses is recorded in the period when the loss becomes apparent. Amounts received from customers in advance of services being provided are recorded as unearned revenue when received and services rendered in advance of billing are recorded as work-in-progress inventory.

Cash and cash equivalents

The Company considers all investments readily convertible into cash and having an initial maturity of three months or less to be cash equivalents. Cash equivalents include money market funds and time deposits, which are carried at cost and approximate fair value.

Restricted cash

Restricted cash comprises cash restricted for marketing fund use. The Company is in custody of the cash received from franchisees for use in franchisee marketing funds.

The Company's consolidated statements of cash flows explain the change during the period in the total of cash and cash equivalents and amounts generally described as restricted cash and restricted cash equivalents. The Company's restricted cash balance consists primarily of cash related to our marketing funds.

Inventories

Inventories consist of finished products, accessories and components of closet and workspace systems, painting kits, film and supplies held for resale. Inventories are valued at the lower of cost (first in, first out) and net realizable value. Work-in-process inventory relates to construction contracts in process and is accounted for using the percentage of completion method.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, except for leasehold improvements, which are depreciated on a straight-line basis over the lesser of the useful life of the asset or the remaining lease term.

(expressed in US dollars)

Maintenance and repairs are expensed to operations as incurred, while betterments and additions are capitalized. On sale or retirement, the cost of the property and the related accumulated depreciation are removed from the respective accounts and any resulting gains or losses are reflected in income.

Goodwill and intangible assets

Goodwill represents the excess of purchase price over the fair value of assets acquired and liabilities assumed in a business combination and is not subject to amortization.

Intangible assets are recorded at fair value on the date they are acquired and are amortized using the straight-line method over their estimated useful lives as follows:

Customer relationships	4 to 20 years
Trademark	15 to 30 years
Franchise agreements	pattern of use

Goodwill is tested for impairment annually, on August 1, or more frequently if events or changes in circumstances indicate the asset might be impaired, in which case the carrying amount of the asset is written down to fair value. Impairment of goodwill is tested at the reporting unit level. Impairment is tested by first assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Where it is determined to be more likely than not that its fair value is greater than its carrying amount, no further testing is required. When the qualitative analysis is not sufficient to support that the fair value exceeds the carrying amount, a goodwill impairment test is performed. The Company also has an unconditional option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing a quantitative goodwill impairment test. The Company may resume performing the qualitative assessment in any subsequent period. A quantitative goodwill impairment test is performed by comparing the fair value of each reporting unit to its carrying value, including goodwill. Fair value is estimated using a market multiple method, which estimates market multiples of earnings before interest, taxes, depreciation and amortization (EBITDA) for comparable entities with similar operations and economic characteristics. Significant assumptions used in estimating the fair value of each reporting unit include the market multiples of EBITDA.

Impairment of long-lived assets

The Company reviews the carrying amount of its long-lived assets including, but not limited to, property and equipment and intangible and other assets, if events or changes in circumstances indicate the asset might be impaired. The carrying amount of a long-lived asset group is considered impaired when the undiscounted cash flow from such asset group is estimated to be less than its carrying amount. In that event, a loss is recognized as the amount by which the carrying amount exceeds its fair value. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived asset groups to be disposed of would be determined in a similar manner, except that fair value would be reduced by any costs of disposal.

(expressed in US dollars)

Deferred revenue and customer deposits

Deferred revenue represents payments received in connection with services to be provided in the future and is recognized when the services have been provided. Customer deposits represent payments received as deposits in connection with California Closet products to be installed.

Notional value appreciation plans

Under these plans, subsidiary employees are compensated if the notional value of the subsidiary increases. Awards under these plans generally have a term of up to ten years and a vesting period of five years. The increase in notional value is calculated with reference to growth in earnings relative to a fixed threshold amount plus or minus changes in indebtedness relative to a fixed opening amount. If an award is subject to a vesting condition, then graded attribution is applied to the intrinsic value. The related compensation expense is recorded in selling, general and administrative expenses, the current liability is recorded in accrued liabilities, and the non-current portion is recorded in other liabilities.

Leases

The Company has lease agreements with lease and non-lease components and has elected to account for each lease component (e.g., fixed rent payments) separately from the non-lease components (e.g., common-area maintenance costs). The Company has also elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. Leases are recognized on the consolidated balance sheets when the lease term commences, and the associated lease payments are recognized as an expense on a straight-line basis over the lease term.

Income taxes

Income tax has been provided using the asset and liability method whereby deferred income tax assets and liabilities are recognized for the expected future income tax consequences of events that have been recognized in the consolidated financial statements or income tax returns. Deferred income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to reverse, be recovered or be settled. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in income in the period in which the change occurs. A valuation allowance is recorded unless it is more likely than not that realization of a deferred income tax asset will occur based on available evidence.

Non-controlling interests

The non-controlling interests (NCI)s are considered to be redeemable securities and accordingly are recorded at the greater of (i) the redemption amount; or (ii) the amount initially recorded as redeemable NCI at the date of inception of the minority equity position. This amount is recorded in the “mezzanine” section of the consolidated balance sheets, outside of stockholders’ equity. Changes in the redeemable NCIs amount are recognized immediately as they occur.

(expressed in US dollars)

Fair value measurements

Fair value measurements are measured using inputs from the three levels of the fair value hierarchy. The classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – observable market-based inputs other than quoted prices in active markets for identical assets or liabilities; and
- Level 3 – unobservable inputs for which there is little or no market data, which requires the Company to develop its own assumptions.

Concentrations

The Company's financial instruments exposed to credit risk include cash and cash equivalents, due from parent, restricted cash, accounts receivable and notes receivable. The Company places its cash, restricted cash and cash equivalents with institutions of high creditworthiness. Management routinely assesses the collectibility of its accounts receivable and notes receivable, and its credit risk is limited due to the dispersion of the customer base comprising the receivables.

During the year ended December 31, 2024, there were $2,968,464 (2023 – $1,325,985) of write-offs from the allowance for credit losses.

Business combinations

All business combinations are accounted for using the purchase method of accounting. Transaction costs are expensed as incurred.

The determination of fair values of assets and liabilities assumed in business combinations requires the use of estimates and judgment by management, particularly in determining fair values of intangible assets acquired.

The fair value of the contingent consideration is classified as a financial liability and is recorded on the consolidated balance sheets at the acquisition date and is re-measured at fair value at the end of each period until the end of the contingency period, with fair value adjustments recognized in income.

3 Revenue from contracts with customers

Franchise fee revenue recognized during the year ended December 31, 2024, that was included in deferred revenue at the beginning of the period was $7,588,809 (2023 – $5,558,367). These fees are recognized over the life of the underlying franchise agreement, usually between five – ten years.

The majority of unearned revenue as at December 31, 2023 was recognized in income in 2024.

(expressed in US dollars)

External broker costs and employee sales commissions in obtaining new franchisees are capitalized in accordance with the revenue standard and are amortized over the life of the underlying franchise agreement. Costs amortized during the year ended December 31, 2024 were $3,419,647 (2023 – $2,749,632). The closing amount of the capitalized costs to obtain contracts on the consolidated balance sheets as at December 31, 2024 was $12,683,884 (2023 – $11,417,250). There were no impairment losses recognized related to those assets in 2024.

The Company disaggregates revenue by type on the consolidated statements of income and comprehensive income. The Company's businesses primarily recognize revenue over time as they perform because of the continuous transfer of control to the customer.

4 Transactions with related parties

Management fees

The Company has a management agreement with FirstService Corporate Headquarters that provides certain administrative and management services to the Company. For the years ended December 31, 2024 and December 31, 2023, the fees for such services totalled $7,540,176 (2023 – $6,772,822). These transactions were in the normal course of operations and measured at the exchange amount.

Note receivable

The Company has a note receivable with FirstService Restoration from the proceeds of the sale of an operating unit. For the years ended December 31, 2024 and December 31, 2023, the note receivable totalled $7,232,377 (2023 – $7,232,377).

Intercompany payable

The Company has an intercompany payable to FirstService Corporation of $21,744,502 (2023 – $23,166,961). This amount is comprised of operational funding for acquisitions and interest payable related to the funding. In 2024, the Company made payments in the amount of $1,422,458.

5 Notes receivable

The Company has notes receivable from franchisees for various franchise fees and royalties. These notes bear interest at rates ranging from nil% to 8%, are unsecured and repayable in monthly instalments. Also included in notes receivable are amounts owing from certain NCI stockholders. The total amount due from NCIs is $473,038 (2023 – $462,291). The interest rate on these notes is 2.5%.

(expressed in US dollars)

As at December 31, 2024, annual maturities on the notes receivable were as follows:

	$
2025	753,999
2026	7,819,850
2027	410,252
2028	246,474
2029	37,453
Thereafter	866,782
	10,134,810
Less: Allowance for doubtful accounts	-
	10,134,810
Less: Current portion	753,999
	9,380,811

6 Property and equipment

				2024
	Depreciation period	**Gross carrying amount $**	**Accumulated depreciation $**	**Net $**
Production equipment	5 to 7 years	46,520,585	35,429,443	11,091,142
Vehicles	5 years	47,840,441	30,679,291	17,161,150
Furniture and fixtures	5 to 7 years	15,040,892	12,212,684	2,828,208
Computers and equipment	3 to 5 years	64,347,541	39,019,272	25,328,269
Leasehold improvements	lease term	24,665,611	16,765,897	7,899,714
		198,415,070	134,106,587	64,308,483

				2023
	Depreciation period	**Gross carrying amount $**	**Accumulated depreciation $**	**Net $**
Production equipment	5 to 7 years	41,165,577	29,881,575	11,284,002
Vehicles	5 years	44,390,894	26,864,976	17,525,918
Furniture and fixtures	5 to 7 years	15,145,693	12,348,386	2,797,307
Computers and equipment	3 to 5 years	54,800,606	34,147,619	20,652,987
Leasehold improvements	lease term	21,206,696	15,279,456	5,927,240
		176,709,466	118,522,012	58,187,454

(expressed in US dollars)

Depreciation expense totalled $19,418,258 (2023 – $19,480,882) for the years ended December 31, 2024 and December 31, 2023.

7 Intangible assets

	2024		
	Gross carrying amount $	**Accumulated amortization $**	**Net $**
Trademarks	10,774,499	7,644,120	3,130,379
Franchise agreements	53,077,051	41,508,005	11,569,046
Customer relationship	32,766,043	13,478,701	19,287,342
Non-compete and other	4,419,790	3,306,827	1,112,963
	101,037,383	65,937,653	35,099,730

	2023		
	Gross carrying amount $	**Accumulated amortization $**	**Net $**
Trademarks	10,774,499	7,412,820	3,361,679
Franchise agreements	53,012,248	37,544,561	15,467,687
Customer relationship	29,688,337	10,230,288	19,458,049
Non-compete and other	4,419,790	2,897,334	1,522,456
	97,894,874	58,085,003	39,809,871

Amortization expense totalled $7,852,638 (2023 – $9,707,496) for the years ended December 31, 2024 and December 31, 2023.

The following is the estimated annual amortization expense for each of the next five years:

	$
2025	7,012,732
2026	6,179,158
2027	4,232,386
2028	3,302,454
2029	3,075,966

(expressed in US dollars)

8 Goodwill

Goodwill represents the excess of purchase price over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. A test for goodwill impairment is required to be completed annually, in the Company's case as at August 1, or more frequently if events or changes in circumstances indicate the asset might be impaired. Based on the quantitative assessment in 2024, the Company concluded that goodwill is not impaired.

	$
Balance as at December 31, 2022	116,985,756
Goodwill acquired during the year	15,121,509
Goodwill adjustment during the year	3,102,547
Balance as at December 31, 2023	135,209,812
Goodwill acquired during the year	2,359,081
Goodwill adjustment during the year	(388,934)
Balance as at December 31, 2024	1,970,147
	137,179,959

9 Leases

The Company has operating leases for corporate offices, copiers and certain equipment. The leases have remaining lease terms of one to ten years, some of which may include options to extend the leases for up to eight years, and some of which may include options to terminate the leases within one year. The Company evaluates renewal terms on a lease-by-lease basis to determine if the renewal is reasonably certain. The amount of operating lease expense recorded in the consolidated statements of income and comprehensive income was $18,443,863 (2023 – $15,076,940).

Other information related to leases is as follows:

Supplemental cash flows information, year ended December 31, 2024	
Cash paid for amounts included in the measurement of operating lease liabilities	$15,038,148
Right-of-use assets obtained in exchange for operating lease obligation	$22,047,588
Weighted average remaining operating lease term	5.54 yrs
Weighted average discount rate	6.57%

(expressed in US dollars)

The following represent operating lease commitments:

	$
2025	16,418,165
2026	17,887,750
2027	13,834,980
2028	11,300,287
2029 and thereafter	25,469,061
	84,910,243

10 Income taxes

The statutory rate is 26.5% and the effective rate is 27.9%. The primary reconciling items relate to permanent differences and adjustments to tax liabilities for prior periods.

Income tax differs from the amounts that would be obtained by applying the statutory rate to the respective year's earnings before tax. Differences result from the following items:

	2024 $	2023 $
Income tax expense using combined federal and state statutory rate of 26.5% (2023 - 26.5%)	22,101,567	17,901,016
Permanent differences	568,727	486,154
Temporary differences	346,863	(583,436)
Net operating losses	142,179	(607,631)
Foreign, state and provincial tax rate differential	427,740	(346,928)
Tax adjustments	(535,048)	465,669
Other taxes	245,829	252,765
Provision for income taxes as reported	23,297,857	17,567,609

The components of deferred income tax assets and liabilities are as follows:

	2024 $	2023 $
Current provision		
Federal	18,404,257	15,048,207
State	5,723,660	4,610,605
	24,127,917	19,658,812
Deferred recovery		
Federal	(626,391)	(1,756,021)
State	(203,669)	(335,182)
	(830,060)	(2,091,203)
	23,297,857	17,567,609

The components of deferred income tax assets and liabilities are as follows:

	2024 $	2023 $
Deferred income tax assets		
Accrued expenses	8,119,953	7,093,339
Bad debt	796,971	798,306
Interest expense	2,101	4,843
Future benefit of tax losses	3,314,978	2,785,806
	12,234,003	10,682,294
Deferred income tax liabilities		
Purchased goodwill and intangible assets	10,004,605	9,152,386
Property and equipment	11,116,053	10,602,588
Investment in partnership	742,523	672,989
	21,863,181	20,427,963
Net deferred income tax liabilities before valuation allowance	9,629,178	9,745,669
Valuation allowance	1,320,462	1,400,413
Net deferred income tax liabilities	10,949,640	11,146,082

The number of years with open tax audits varies depending on the tax jurisdiction. The Company's taxing jurisdiction is the United States of America. With few exceptions, the Company is no longer subject to US federal, state and local income tax examinations by tax authorities for years before 2016.

The Company does not currently expect any material impact on income to result from the resolution of matters relating to open taxation years; however, actual settlements may differ from amounts accrued. Currently, it is not reasonably possible to determine whether unrecognized tax benefits will increase or decrease within the next 12 months with respect to settlements of tax audits. The Company has made its current estimates on facts and circumstances known to date and cannot predict subsequent or changed facts and circumstances that could affect its current estimates.

11 Change in non-cash working capital

	2024 $	2023 $
Accounts receivable	(24,533,518)	(6,943,101)
Inventories	2,196,839	(1,520,024)
Notes receivable	591,768	(256,677)
Prepaid expenses and other current assets	(8,363,690)	(2,166,751)
Accounts payable	11,186,909	2,330,719
Accrued liabilities	541,959	(3,649,003)
Deferred revenue and customer deposits	(1,051,355)	308,122
Income taxes	989,058	(1,800,991)
Other liabilities	3,199,326	(597,801)
	(15,242,704)	(14,295,507)

(expressed in US dollars)

12 Non-controlling interests

The following table provides a reconciliation of the beginning and ending amounts for NCIs:

	2024 $	2023 $
Balance – Beginning of year	66,979,653	52,347,171
Share of earnings of NCI	2,463,477	2,982,184
Redemption increment of NCI	5,093,012	6,143,537
Distributions paid to NCI	(2,692,391)	(1,740,390)
Purchase of NCI	(675,508)	(2,429,454)
Sale of NCI	1,308,785	9,676,605
Balance – End of year	72,477,028	66,979,653

The Company has stockholders' agreements in place for each of its non-wholly owned subsidiaries. These agreements allow the Company to call the NCI at a price determined with the use of a formula price, which is usually equal to a fixed multiple of average annual net income before extraordinary items, income taxes, interest, depreciation and amortization. The agreements also have redemption features, which allow the owners of the NCI to put their equity into the Company at the same price, subject to certain limitations. The formula price is referred to as the redemption amount and may be settled in cash or with the ultimate parent's shares. The redemption amount as at December 31, 2024 and December 31, 2023 was $72,477,028 (2023 – $66,979,653).

13 Fair values of financial instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these instruments. The following are estimates of the fair values for other financial instruments:

	Carrying amount $	Fair value $
Notes receivable	10,134,810	8,664,270
Contingent consideration	3,983,042	3,983,042

Notes receivable include amounts due from franchisees and non-controlling stockholders. Notes payable include amounts due to vendors in connection with business acquisitions. The fair values of these instruments are determined using a valuation model with prevailing interest rates obtained from third parties. The inputs used in the fair value of contingent consideration are unobservable and are therefore classified as level 3 and relate to future cash flows and discount rates, which requires the Company to develop its own assumptions. The contingent consideration is recorded in accrued liabilities.

(expressed in US dollars)

14 Defined contribution pension plan

The Company contributed $4,291,815 (2023 – $3,824,115) to its 401(k) plan during the year, which has been recorded as an expense in each of the respective years.

15 Acquisitions

In 2024, the Company completed the acquisition of four CertaPro Painters franchises, headquartered in Long Beach, California; McHenry, Illinois; Palatine, Illinois; and Schaumburg, Illinois, respectively. The Company also acquired a Paul Davis franchise operating in Aurora, Colorado.

Details of these acquisitions are as follows:

	$
Current assets	632,604
Current liabilities	(230,347)
Non-current liabilities	(364,051)
Net assets	38,206
Cash consideration	2,992,114
Contingent consideration	505,800
Total purchase consideration	3,497,914
Acquired intangible assets	1,547,097
Goodwill	1,912,611

(expressed in US dollars)

In 2023, the Company completed seven acquisitions, the details of which are as follows:

	$
Current assets	16,283,584
Current liabilities	(6,425,675)
Non-current liabilities	(4,336,484)
Redeemable NCI	(7,861,837)
Net assets	(2,340,412)
Cash consideration	22,647,371
Contingent consideration	1,004,064
Total purchase consideration	23,651,435
Acquired intangible assets	10,870,338
Goodwill	15,121,509

In all years presented, the fair values of NCIs for all acquisitions were determined using an income approach with reference to a discounted cash flow model using the same assumptions implied in determining the purchase consideration.

The purchase price allocations for certain transactions completed in the last 12 months are not yet complete, pending final determination of the fair value of assets acquired, the corresponding deferred tax liabilities and final working capital adjustments. The acquisitions referred to above were accounted for by the purchase method of accounting for business combinations. Accordingly, the accompanying consolidated statements of income and comprehensive income do not include any revenue or expenses related to these acquisitions prior to their respective closing dates. There have been changes to the estimated purchase price allocations determined at the time of acquisition during the year ended December 31, 2023, and included as adjustments to goodwill (see note 8).

The determination of fair values of assets acquired and liabilities assumed in business combinations required the use of estimates and judgment by management, particularly in determining fair values of intangible assets acquired. Intangible assets acquired at fair value on the date of acquisition are recorded using the income approach on an individual asset basis. The assumptions used in estimating the fair values of intangible assets include future EBITDA margins, revenue growth rates, expected attrition rates of acquired customer relationships and the discount rates.

The Company typically structures its business acquisitions to include contingent consideration. Vendors, at the time of acquisition, are entitled to receive a contingent consideration payment if the acquired businesses achieve specified earnings levels during the one to two-year periods following the dates of acquisition. The ultimate amount of payment is determined based on a formula, the key inputs to which are (i) a contractually agreed maximum payment; (ii) a contractually specified income level; and (iii) the actual income for the contingency period. If the acquired business does not achieve the specified income level, the maximum payment is reduced for any shortfall, potentially to $nil.

(expressed in US dollars)

The fair value of the contingent consideration liability recorded on the consolidated balance sheets as at December 31, 2024 was $3,983,042 (see note 13). The estimated range of outcomes (undiscounted) for these contingent consideration arrangements is determined based on the formula price and the likelihood of achieving specified income levels over the contingency period, and ranges from $3,983,042 to a maximum of $4,228,971. These contingencies will expire during the period extending to September 2025. During the year ended December 31, 2024, $670,893 was paid with reference to such contingent consideration (2023 – $nil).

16 Impact of recently issued accounting standards

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2024-03 – Disaggregation of Income Statement Expenses (ASU 2024-03). ASU 2024-03 requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The guidance is effective January 1, 2027 and should be adopted prospectively with the option for retrospective application. The Company is currently assessing the impact of this ASU on its financial disclosures.

In December 2023, the FASB issued ASU 2023-09 – Improvements to Income Tax Disclosures. This ASU requires significant additional disclosures about income taxes, primarily focused on the disclosure of income taxes paid and the rate reconciliation table. The guidance will be applied prospectively and is effective January 1, 2025 and should be adopted prospectively with the option for retroactive application. The Company is currently assessing the impact of this ASU on its financial disclosures.

EXHIBIT H

STATE-SPECIFIC ADDENDA

FLOORCOVERINGS INTERNATIONAL, LTD.
CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the Franchise Disclosure Document for Floorcoverings International, Ltd. for use in the State of California shall be amended as follows:

Item 3 of the FDD is supplemented to include the following:

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

Item 17 of the FDD shall be supplemented to include the following:

California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination, transfer, or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will California Business & Professions Code Sections 20000 through 20043 provide rights 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, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

You must sign a release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business Professions Code 2000 through 20043.

As per California Rule 310.156.3(a)(3):

> OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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

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

FLOORCOVERINGS INTERNATIONAL, LTD.
CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF CALIFORNIA ARE HEREBY AMENDED AS FOLLOWS:

1. Section 31125 of the California Corporation Code requires the Franchisor to give you a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to solicitation of a proposed material modification of an existing franchise.

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

3. 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.).

4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This may not be enforceable under California law.

5. The Franchise Agreement requires non-binding mediation followed by litigation. This provision may not be enforceable under California law.

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

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
HAWAII ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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

FLOORCOVERINGS INTERNATIONAL, LTD.
HAWAII ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF HAWAII ARE HEREBY AMENDED AS FOLLOWS:

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

No release language set forth in the Franchise Agreement shall relieve PDRI or any other party, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

Article 17 of the Franchise Agreement is hereby supplemented with the following provision (Section 17.3 in Franchise Agreement):

> Hawaii Law. Pursuant to Section 482E-6(3) of the Hawaii Revised Statutes, for so long as such statute remains in effect and so provides, upon termination or refusal to renew the franchise, Franchisee shall be compensated for the fair market value, at the time of termination or expiration of the franchise, of Franchisee's inventory, supplies, materials and furnishings purchased from the Franchisor or a supplier designated by the Franchisor, exclusive of personalized materials which have no value to the Franchisor. If the Franchisor refuses to renew a franchise for the purpose of converting the franchised business to one owned by the Franchisor, the Franchisor, in addition to the remedies provided in this paragraph, shall compensate Franchisee for the loss of goodwill. The Franchisor may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of Franchisee's inventory, supplies, materials and furnishings pursuant to this paragraph, and may offset from such compensation any moneys due to the Franchisor.

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises and franchisees subject to the Illinois statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Floorcoverings International, Ltd. Franchise Disclosure Document.

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act states that 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.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

FLOORCOVERINGS INTERNATIONAL, LTD.
ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT

Illinois law governs the Franchise Agreement(s).

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.

Franchisees' rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
INDIANA ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF INDIANA ARE HEREBY AMENDED AS FOLLOWS:

1. Any agreement executed in and operative within the State of Indiana shall be governed by applicable Indiana franchise laws and the right of any franchisee to institute a civil action within the State of Indiana shall not be deemed to have been abridged in any form or manner by any provisions contained in this Agreement.

2. In compliance with Indiana Code 12-2-2.7-1(9), any provisions in this Franchise Agreement relating to non-competition upon the termination or non-renewal of the Franchise Agreement shall be limited to a geographic area not greater than the Franchise Area granted in this Franchise Agreement and shall be construed in accordance with Indiana Code 23-2-2.7-1(9).

3. Indiana Code section 23-2-2.7-1(10) prohibits the choice of an exclusive forum other than Indiana.

4. Indiana Code section 23-2.2.7-1(10) prohibits the limitation of litigation. The Indiana Secretary of State has interpreted this section to prohibit provisions in contracts regarding liquidated damages. Accordingly, any provisions in the Franchise Agreement regarding liquidated damages may not be enforceable.

5. In compliance with Indiana Code 23-2-2.7-1(10), any inference contained in this Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief shall, when applicable to a Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted, understood to mean and replace the words "may seek".

6. Indiana Code section 23-2-2.5 and 23-2-2.7 supersedes the choice of law clauses of the Franchise Agreement.

7. Indiana Code section 23-2.2.7-1 makes it unlawful for a franchisor to terminate a franchise without good cause or to refuse to renew a franchise on bad faith.

8. Any reference contained in this Franchise Agreement to a prospective franchisee's "exclusive Franchise Area" shall, in any Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted and replaced with the words "non-exclusive Franchise Area".

9. In compliance with Indiana Code 23-2-2.7-1(5), any requirement that the Franchisee must execute a release upon termination of this Agreement shall not be mandatory and is hereby made discretionary. However, Franchisee shall execute all other documents necessary to fully rescind all agreements between the parties under this Agreement.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises and franchisees subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of, or applicable exhibit to, the Floorcoverings International, Ltd. Franchise Disclosure Document:

Item 5.

Based on the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. The franchisor has posted a surety bond to provide such assurance, and the surety bond is on file with the Maryland Securities Division.

Item 17.

The Franchise Agreement provides that Floorcoverings International, Ltd. may terminate the Franchise Agreement if you voluntarily or involuntarily file for bankruptcy, as described in the "Summary of Cause Defined" (provision (h.)). This provision may not be enforceable under federal bankruptcy law.

Code of Maryland Regulations Section 02.02.08.16L requires that any general release required of the franchisee as a condition of renewal, sale, assignment and/or transfer shall not apply to any release from liability under the Maryland Franchise Registration and Disclosure Law.

Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. Accordingly, the Summary of the Choice of Forum (provision (v.)) is amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.

Section 14-227 of the Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Statement of Prospective Franchisee.

The Statement of Prospective Franchisee is amended to state:

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.

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

FLOORCOVERINGS INTERNATIONAL, LTD.
MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

THE FRANCHISE AGREEMENT TO WHICH THIS ADDENDUM IS ATTACHED AND INCORPORATED IS HEREBY AMENDED AS FOLLOWS:

1. Despite anything to the contrary contained in the Franchise Agreement, the general release required as a condition of the renewal, sale, and/or transfer/assignment of an existing franchise by a franchisee shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Despite anything to the contrary contained in the Franchise Agreement, the Franchisee may sue in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The acknowledgements and representations contained in the Franchise Agreement are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred by Floorcoverings International, Ltd. under the Maryland Franchise Registration and Disclosure Law.

4. Based on the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. The franchisor has posted a surety bond to provide such assurance, and the surety bond is on file with the Maryland Securities Division.

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

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
MICHIGAN ADDENDUM TO THE FRANCHISE
DISCLOSURE DOCUMENT

NOTICE

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

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

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

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

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

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

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

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

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

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

(ii) The fact that the proposed transferee is competitor of the franchisor or 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 franchise unless provision has been made for providing the required contractual services.

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

Any questions regarding the notice should be directed to the Michigan Department of Attorney General, 525 W. Ottawa Street, G. Mennen Williams Building, 5th Floor, Lansing, MI 48933, (517) 373-7117.

FLOORCOVERINGS INTERNATIONAL, LTD.
MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises and franchisees subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Floorcoverings International, Ltd. Franchise Disclosure Document.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Item 13

Floorcoverings International, Ltd. will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

Item 17.

Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. §80.C.21 and Minn. Rule 2860.4400J prohibits Floorcoverings International, Ltd. requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise 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.

To the extent you are required to execute a general release in favor of Floorcoverings International, Ltd., such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq*. as provided by Minn. Rule 2860.4400J.

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

FLOORCOVERINGS INTERNATIONAL, LTD.
MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

This Amendment shall pertain to franchises sold in the State of Minnesota and shall be for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Agreement, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 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.

2. Floorcoverings International, Ltd. will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

3. The Franchise Agreement shall be supplemented by the following provision:

Pursuant to Minn. Stat. Sec. 80C.21, nothing in this Agreement shall, in any way abrogate or reduce any of your rights as provided in Minnesota Statutes, Chapter 80C, including but not limited to the right to submit matters to the jurisdiction of the courts of Minnesota.

4. Minn. Stat. '80.C.21 and Minn. Rule 2860.4400J prohibit Floorcoverings International, Ltd. from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise 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.

5. To the extent you are required to execute a general release in favor of Floorcoverings International, Ltd., such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. '80C.01 *et seq*. as provided by Minn. Rule 2860.4400J.

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

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

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
NEW YORK ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

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, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. 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.

The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

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

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

The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner 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.

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.

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.

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.

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.

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.

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

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

FLOORCOVERINGS INTERNATIONAL, LTD.
NEW YORK ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF NEW YORK ARE HEREBY AMENDED AS FOLLOWS:

The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisor or upon Franchisee by the General Business Law of the State of New York, Article 33. The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
NORTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT

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

1. Item 17 is amended by the addition of the following language to the original language that appears therein;

(a) Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in North Dakota, except in certain instances as provided by law.

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

(c) Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(d) Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(e) Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(f) Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

(g) Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(h) Any provision in the Franchise Agreement requiring a franchisee to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(i) Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
NORTH DAKOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes on supplements, as the case maybe, the corresponding disclosures in the main body of the text of the Floorcoverings International, Ltd. Franchise Disclosure Document.

1. Item 17 is amended by the addition of the following language to the original language that appears therein;

(a) Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in North Dakota, except in certain instances as provided by law.

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

(c) Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(d) Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(e) Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(f) Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

(g) Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(h) Any provision in the Franchise Agreement requiring a franchisee to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(i) Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

FLOORCOVERINGS INTERNATIONAL, LTD.
RHODE ISLAND ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF RHODE ISLAND ARE HEREBY AMENDED AS FOLLOWS:

1. Pursuant to the Rhode Island Franchise Investment Act, the choice of jurisdiction and venue provisions of this Franchise Agreement shall be governed by Section 19-28.1-14 of the Act.

2. Pursuant to Section 19-28.1-15 of the Act, any condition, stipulation or provision in this Franchise Agreement requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in the Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
RHODE ISLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises and franchisees subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Floorcoverings International, Ltd. Franchise Disclosure Document.

Item 17:

1. §19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in the franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. The Rhode Island Franchise Investment Act requires a franchisor to deliver a copy of a disclosure document reflecting all material changes together with a copy of all proposed agreements relating to the sale of the franchise at the earlier of: (i) the prospective franchisee's first personal business meeting with the franchisor which is held for the purpose of discussing the sale or possible sale of the franchise, or (ii) ten business days prior to the execution of an agreement or payment of any consideration relating to the franchise relationship.

FLOORCOVERINGS INTERNATIONAL, LTD.
SOUTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT

Neither Floorcoverings International, Ltd. its Parent Corporation, its Predecessor nor any person identified in Item 2 has any material arbitration proceeding pending or has during the 10-year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

Although the Franchise Agreement requires all litigation proceedings to be held in Georgia, the site of any litigation started pursuant to the Franchise Agreement will be at a site mutually agreed upon by you and us.

We may not terminate the Franchise Agreement for a breach, for failure to meet performance and quality standards and/or for failure to make royalty payments unless you receive thirty (30) days prior written notice from us, and you are provided with an opportunity to cure the defaults. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

The laws of the State of South Dakota will govern matters pertaining to franchise registration, employment, covenants not to compete, and other matters of local concern; but as to contractual and all other matters, the Franchise Agreement will be subject to the applications, construction, enforcement and interpretation under the governing law of Florida.

Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document and Franchise Agreement for Floorcoverings International, Ltd. for use in the Commonwealth of Virginia shall be amended as follows:

(1) Under §13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

(2) Under subsection D of §13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

(3) Under subdivision A 4 of §13.1-563 of the Virginia Retail Franchising Act, it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

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

FLOORCOVERINGS INTERNATIONAL, LTD.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, OPTION AGREEMENT, AND ALL RELATED AGREEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

FLOORCOVERINGS INTERNATIONAL, LTD.
WISCONSIN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises and Franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Floorcoverings International, Ltd. Wisconsin Franchise Disclosure Document.

Item 17.

For Wisconsin Franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with the Law.

FLOORCOVERINGS INTERNATIONAL, LTD.
WISCONSIN ADDENDUM TO THE FRANCHISE AGREEMENT

This Amendment shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law. Notwithstanding anything which may be contained in the body of the Franchise Agreement to be contrary, the Agreement shall be amended as follows:

Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and Franchisee inconsistent with the Law.

FLOORCOVERINGS INTERNATIONAL, LTD.	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

EXHIBIT I

STATEMENT OF PROSPECTIVE FRANCHISEE

Statement of Prospective Franchisee

The date of my first face-to-face meeting with a Franchise Marketing Representative, Franchise Broker or any other person to discuss the possible purchase of a Franchise was _____, 20___. Franchisee's Initials _____

The date on which I received a Disclosure Document was _____, 20____. Franchisee's Initials _____

The date when I received a fully completed copy (other than signatures) of the Franchise Agreement I later signed was _____, 20__. Franchisee's Initials _____

The earliest date on which I signed the Franchise Agreement or any other binding document (not including the Receipt page) was _____, 20__
Franchisee's Initials_____

The earliest date on which I delivered cash, check or other consideration to the Franchise Marketing Representative, broker, Floorcoverings International, Ltd. ("Franchisor") or any other Person or company was _____, 20 __ Franchisee's Initials _____ _____

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

FRANCHISEE

_____

Dated:

EXHIBIT J

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

California Department of Financial Protection and Innovation

L.A. Office
320 West 4th Street, Suite 750
Los Angeles, CA
90013-2344
(213) 576-7500

Sacramento Office
2101 Arena Blvd.
Sacramento, CA 95834
(866) 275-2677

San Diego Office
1455 Frazee Road, Suite 315
San Diego, CA 92108
(619) 610-2093

San Francisco Office
One Sansome St., Suite 600
San Francisco, California 94104
(415) 972-8565

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

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

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

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-11
Indianapolis, IN 46204
(317) 232-6681

Kentucky Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankford, KY 40602
(502) 573-2200

Maryland Securities Commissioner
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
525 W. Ottawa St.
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
(651) 296-6328

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

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

North Dakota Insurance & Securities Department
600 East Boulevard Avenue, Dept. 401
Bismarck, ND 58505
(701) 328-2910

Oregon Department of Consumer
and Business Services
Division of Finance and Corporate
Securities Labor and Industries
350 Winter Street, NE, Room 410
Salem, OR 97310-3881
(503) 378-4140

Rhode Island Department of Business Regulations
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9588

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501-3158
(605) 773-3563

Statutory Document Section
Texas Secretary of State
P.O. Box 12887
Austin, TX 78711
(512) 475-1769

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

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

State of Washington
Director, Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, WA 98501
(360) 902-8760

Wisconsin Commissioner of Securities
201 W Washington Ave., 3rd Floor
Madison, WI 53703
(608)266-8557

LIST OF AGENTS FOR SERVICE OF PROCESS

Floorcoverings International, Ltd.
5390 Triangle Parkway, Suite 125
Norcross, Georgia 30092

California Department of Financial Protection and Innovation
Commissioner of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104

Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204

Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa St.
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

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

North Dakota Insurance Commissioner
600 E. Boulevard Avenue, Dept. 401
Bismarck, ND 58505

Director of Rhode Island
Department of Business Regulations
Securities Division
1511 Pontiac Avenue, Bldg. 69-1
Cranston, RI 02920

Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, SD 57501-3185

Clerk of the State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, VA 23219

Director, Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, WA 98501

Wisconsin Commissioner of Securities
201 West Washington Avenue, 3rd Floor
Madison, WI 53703
(608) 261-9555

EXHIBIT K

GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, FS Brands, Inc., a Delaware corporation (the "Guarantor"), located at 2621 Van Buren Avenue, Suite 550A, Audubon, PA 19403, absolutely and unconditionally guarantees to assume the duties and obligations of Floorcovering International, Ltd., located at 5390 Triangle Parkway, Suite 125, Norcross, GA 30094 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Audubon, Pennsylvania on the 16th day of March, 2026.

Guarantor:

FS Brands, Inc.

By: _____

Charles E. Chase, President

EXHIBIT L

ADVERTISING CO-OP AMENDMENT

AGREEMENT TO MODIFY FRANCHISE AGREEMENT

This Agreement to Modify Franchise Agreement ("Agreement") is made this _____ day of _____, 202_ ("Effective Date"), by and between: (i) Floor Coverings International, Ltd., a Georgia corporation with a business address at 5390 Triangle Parkway, Suite 125, Norcross, Georgia 30092 ("Franchisor"); and (ii) _____ ("Franchisee"), owner of _____("DMA"). At times, Franchisor and Franchisee will collectively be referred to as "Parties."

BACKGROUND

A. On or around _____, Franchisor and Franchisee entered into a franchise agreement (the "Franchise Agreement"), pursuant to which Franchisee obtained the right and undertook the obligation to own and operate a Floor Coverings International franchised business ("Franchised Business") within a defined geographical area in or around _____ ("DMA")

B. The Parties acknowledge the benefit(s) of franchisees, who operate in close proximity to each other, collaborating with each other to increase the visibility of Franchisor's brand in the local market.

C. The Parties acknowledge that pooling resources can have a greater impact on marketing efforts than each individual franchisee can achieve independently.

D. The Parties acknowledge that the effective operation of a franchise cooperative involves alignment of purpose and goals as well as trust and transparency between its members.

E. For these reasons, Franchisee wishes to participate in _____ cooperative ("Advertising & Merchandising Cooperative") subject and pursuant to the terms and conditions of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree to modify the Franchise Agreement between them as follows:

1. **Background; Definitions.**

a. The Parties agree and acknowledge that the Background portion of this Agreement, including all definitions, representations and provisions set forth therein, is hereby incorporated by reference as if fully set forth in this Section.

b. For purposes of this Agreement, if a capitalized term in this Agreement is not specifically defined herein, that term will be afforded the same definition that the term is afforded in the Franchise Agreement, as applicable.

2. **Franchisee Acknowledgment.** Franchisee acknowledges that: (a) advertising and marketing are necessary to the successful operation of the Franchised Business to build brand awareness and increase market share; (b) advertising and marketing by other Franchisor franchisees within Franchisee's DMA directly benefits the Franchised Business; and (c) Franchisee shall cooperate, participate, and comply with the rules of the Advertising & Merchandising Cooperative.

3. **Default.** Franchisee agrees that should Franchisee be in default of any monetary obligation due to the Advertising & Merchandising Cooperative, or should Franchisee fail to participate in any local advertising or marketing program and make payment for it, then Franchisee shall be subject to a delinquency charge and pay interest at the highest contract rate permitted by law to be computed in addition to Franchisee's actual billing, plus any legal costs and attorneys' fees incurred in the event a suit must be commenced against Franchisee because of a violation of this Agreement. Further, Franchisee acknowledges and agrees that a breach of Franchisee's obligations to the Advertising & Merchandising Cooperative shall constitute a breach of Franchisee's Franchise Agreement.

4. **Reporting.** Franchisee agrees to submit information required per the Franchise Agreement to administer the Advertising & Merchandising Cooperative and will submit such information to Franchisor as required from time to time and in the form required by Franchisor.

5. **Term; Payment; Allocation.**

a. Franchisee agrees and understands that it shall participate in the Advertising& Merchandising Cooperative for a period equal to the duration of the Franchise Agreement and any renewal thereof.

b. Franchisee shall be responsible for the payment of advertising and marketing on this local level as determined by the Advertising & Merchandising Cooperative and approved by Franchisor. Franchisee acknowledges the benefit that Franchisee is deriving and will derive from participating in the Advertising & Merchandising Cooperative and Franchisee's responsibility for payment shall begin on the Effective Date of this Agreement. Franchisee further agrees to execute any agreement presently in use by the Advertising & Merchandising Cooperative.

c. Any payment that Franchisee makes to the Advertising & Merchandising Cooperative shall be credited against Franchisee's Local Marketing requirement, as set forth in the Franchise Agreement.

6. **Collection; Disbursement; Franchisor Contribution.**

a. Franchisee agrees to make all such payments to Franchisor, who will separately account for such funds, and Franchisor shall disburse such funds as determined by the Advertising & Merchandising Cooperative. Franchisor shall collect Advertising & Merchandising Cooperative contributions in a similar manner as used to collect the monthly Royalty payments and to hold contributions in an account for the sole benefit of the Advertising & Merchandising Cooperative. Franchisor shall provide quarterly statements of Advertising Cooperative financials, including income, expenses, and interest.

b. Franchisor may, in its sole discretion, contribute to the Advertising Cooperative.

7. **Quorum; Voting.**

a. A quorum is required to conduct business for the Advertising & Merchandising Cooperative and a quorum will be considered 3/4 of the members of such Advertising Cooperative.

b. Franchisee acknowledges and agrees that the above amount may be changed by the Advertising & Merchandising Cooperative by a vote of 75% or more of its members in good standing with the Advertising & Merchandising Cooperative and with Franchisor, and as approved by Franchisor and Franchisee agrees to be bound by any such change.

c. Each Franchisee Member will get one (1) vote through its Representative. Franchisee Members who operate under multiple franchise agreements or operate in multiple Designated Marketing Areas (each, a "DMA") will only get one (1) total vote through its Representative. For illustration purposes, if a Franchisee Member has multiple franchise agreements or operates in multiple DMAs within the Cooperative Area under different entities, if there is common control between the entities, the Franchisee Member will only receive one (1) vote through its Representative.

d. For every $1,000,000 a Franchisee Member generates in Gross Sales during the prior calendar year, such Franchisee Member will receive one (1) additional vote through its Representative for the entire following calendar year. For illustration purposes, if a Franchisee Member generates $3,000,000 in Gross Sales in the DMA(s) that it operates within the Cooperative Area during the 2020 calendar year, such Franchisee Member, through its Representative, is entitled to receive four (4) votes total for the entire 2025 calendar year, pursuant to the terms of the Bylaws.

8. **Counterparts.** The parties agree that a signed copy of this Agreement may be delivered by fax or other electronic means, such as email transmission, to a party's email address, and such electronic copy shall be valid and binding as an original signed copy of this Agreement.

9. Bylaws. Both Franchisor and Franchisee agree to be bound by the BYLAWS FOR _____ ADVERTISING AND MERCHANDISING COOPERATIVE OF FLOOR COVERINGS INTERNATIONAL.

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

FRANCHISOR	**FRANCHISEE**
FLOORCOVERINGS INTERNATIONAL, LTD	**_____**
By:_____	By:
Tom Wood, President and CEO	Name:
	Title:
	DMA:_____

[Date]

Floorcoverings International, Ltd.
5390 Triangle Parkway, Suite 125
Norcross, Georgia 30092

This letter constitutes our agreement that I, as a Floorcoverings International, Ltd. ("Franchisor") franchisee, will participate in and cooperate with the local advertising program and the _____ Advertising & Merchandising Cooperative ("Advertising & Merchandising Cooperative").

A. I acknowledge that advertising is necessary to the successful operation of our business as a Franchisor franchisee.

B. I acknowledge that advertising and marketing by other Franchisor franchisees within my DMA directly benefits my franchise.

C. I acknowledge the legal, business and other responsibilities to approve, cooperate and participate in the advertising program established by Franchisor and the other Franchisor franchisees, as such programs are approved by Franchisor.

D. I agree that should I be in default of any money due to the Advertising & Merchandising Cooperative, or should I fail to participate in any advertising or marketing program and make payment for it, I shall be subject to a delinquency charge and pay interest at the highest contract rate permitted by law to be computed in addition to the actual billing, plus any legal and attorneys' fees incurred in the event suit must be commenced against me because of a violation of this Agreement. Further, I acknowledge and agree that a breach of my payment obligations to the Advertising & Merchandising Cooperative shall constitute a breach of the franchise agreement.

E. I agree that I will submit any and all information required to administer the Advertising & Merchandising Cooperative in the applicable area and will submit such information to Franchisor as required from time to time and in the form required by Franchisor.

F. It is further agreed and understood that I contract for a period equal to the duration of the Franchise Agreement with Franchisor and any renewals thereof, to participate in and to be responsible for the payment of advertising on this local level, as determined by the Advertising & Merchandising Cooperative. I acknowledge that the benefit that I am deriving and will derive from participating in local advertising and marketing and my concurrent responsibility for payment of my share of local advertising and marketing shall begin at the end of the first full week after the actual opening of my franchised business or upon execution of this letter and Agreement to Modify Franchise Agreement. I further agree to execute any agreements presently in use by the Advertising & Merchandising Cooperative and that the Franchise Agreement shall be deemed amended to give effect to this agreement.

Such payments for the Advertising & Merchandising Cooperative shall be made to Franchisor, who will separately account for such funds, and Franchisor shall disburse such funds, in a manner that is approved by Franchisor, as determined by the Advertising & Merchandising Cooperative.

G. I further agree to continue to participate in the Advertising & Merchandising Cooperative for the duration of my Franchise Agreement.

H. The parties agree that a signed copy of this Agreement may be delivered by fax or other electronic means, such as email transmission, to a party's email address, and such electronic copy shall be valid and binding as an original signed copy of this Agreement.

FRANCHISEE	**FRANCHISOR**
Name:	**FLOORCOVERINGS INTERNATIONAL, LTD.**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, 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	Exempt
Hawaii	April 21, 2026
Illinois	Exempt
Indiana	Exempt
Maryland	Pending
Michigan	Effective
Minnesota	Pending
New York	Exempt
North Dakota	March 25, 2026
Rhode Island	Pending
South Dakota	March 25, 2026
Virginia	March 25, 2026
Washington	March 25, 2026
Wisconsin	March 25, 2026

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT M

RECEIPT

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 Floorcoverings International, 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 and Rhode Island require 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.

Issuance Date: March 23, 2026

If Floorcoverings International, 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, DC 20580 and your State Administrator listed in Exhibit I. A list of franchisor's agents registered to receive service of process is listed in Exhibit I.

I have received a disclosure document dated March 23, 2026, that included the following Exhibits:

A – Franchise Agreement (and exhibits)
B – Promissory Note
C – System Access Agreement
D – Telephone Listing Authorization Agreement
E – Additional Territory Option Agreement
F - Lists of Franchisees and Former Franchisees
G - Financial Statements
H – State Specific Addenda
I – Statement of Prospective Franchisee
J – List of State Administrators/Agents for Service of Process
K – Guarantee of Performance
L - Advertising Co-Op Amendment
M - Receipt

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

Floorcoverings International, Ltd., 5390 Triangle Parkway, Suite 125, Norcross, Georgia 30092, (800) 955-4324

Tom Wood, at the above address and phone number.
Chad Schloerke, at the above address and phone number.

Ryan Aschauer, at the above address and phone number.
Ben Pace, at the above address and phone number.
Stacey Vogler, at the above address and phone number.
Mark Titcomb at the above address and phone number.
Bruce Kolbinsky at the above address and phone number.
Amy Schlosser at the above address and phone number.
Albert Hermans at the above address and phone number.
Alan Dickherber at the above address and phone number.
Chris Shaffer at the above address and phone number.
Hannah Connolly, at the above address and phone number.
Timothy Holadia at the above address and phone number.
Hayden Shaw at the above address and phone number.
Brandon Johnson at the above address and phone number.

Floorcoverings International, Ltd., 5390 Triangle Parkway, Suite 125, Norcross, Georgia 30092, (800) 955-4324

Other Franchise Sellers:

_____ _____

_____ _____

_____ _____

_____ _____

_____ _____

Date: _____ _____Franchisee

_____(Print Name)

_____(Telephone)

Complete Below for a Partnership, Corporation or Limited Liability Corporation:

Name: _____
Title: _____
Name of Company: _____
Address: _____

TO BE RETAINED BY YOU

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 Floorcoverings International, 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 and Rhode Island require 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.

Issuance Date: March 23, 2026

If Floorcoverings International, 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, DC 20580 and your State Administrator listed in Exhibit I. A list of franchisor's agents registered to receive service of process is listed in Exhibit I.

I have received a disclosure document dated March 23, 2026, that included the following Exhibits:

A – Franchise Agreement (and exhibits)
B – Promissory Note
C – System Access Agreement
D – Telephone Listing Authorization Agreement
E - Additional Territory Option Agreement
F – Lists of Franchisees and Former Franchisees
G – Financial Statements
H – State Specific Addenda
I – Statement of Prospective Franchisee
J – List of State Administrators/Agents for Service of Process
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Timothy Holadia at the above address and phone number.
Hayden Shaw at the above address and phone number.
Brandon Johnson at the above address and phone number.

Other Franchise Sellers:

_____ _____

_____ _____

_____ _____

_____ _____

_____ _____

Date: _____ _____Franchisee

_____(Print Name)

_____(Telephone)

Complete Below for a Partnership, Corporation or Limited Liability Corporation:

Name: _____
Title: _____
Name of Company: _____
Address: _____

TO BE RETURNED TO US