FRANCHISE DISCLOSURE DOCUMENT

OF

GRANITE GARAGE FLOORS FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

Granite Garage Floors Franchising, LLC
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Phone: (770) 329-1751
Email: franchise@granitegaragefloors.com
Website: www.granitegaragefloors.com

We offer franchises that sell, market and install residential garage floor coating systems under the Granite Garage Floors names and logo and any other marks we may license to you.

The total investment necessary to begin operation of a Granite Garage Floors franchise ranges from $169,400 to $330,400. This includes $62,500 that must be paid to Franchisor or an affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact JoAnne Ryan, jryan@thresholdbrands.com, 10945 State Bridge Road, Suite 401-171, Alpharetta, Georgia 30022, (587) 430-1235 ext 205.

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

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

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

Issuance Date: March 31, 2023, as amended August 2, 2023.

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 G.
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 D 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 Granite Garage Floors business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Granite Garage Floors franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in 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 these payments may result in termination of your franchise and loss of your investment.

3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

NOTICE MANDATED BY SECTION 8 OF MICHIGAN'S FRANCHISE INVESTMENT ACT

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

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

(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 Marks, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

(iii) 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.

(i) 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 franchisee 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 franchisee 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).

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

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

Any questions regarding this Notice shall be directed to the Michigan Department of Attorney General, Consumer Protection Division, ATTN: Franchise, 525 West Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, (517) 373-7117.

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

To simplify the language in this Disclosure Document, "we," "us," "our," "GGF," or "Franchisor" means Granite Garage Floors Franchising, LLC, the franchisor. "You," "your," or "Franchisee" means the purchaser of a franchise. If the purchaser of a franchise is a partnership, corporation, limited liability company, or any other type of entity (collectively, an "Entity"), "you" means both the purchaser and its partners, shareholders, members, or other owners of a legal and/or beneficial interest in the Entity (collectively, "Owners"). If you are an Entity, your "Operating Principal" must be an individual Owner who you must appoint who will have authority over all business decisions related to your franchise and will have the power to bind you in all dealings with us.

Franchisor

We are a Georgia limited liability company formed on June 21, 2013. We do not do business under any name other than Granite Garage Floors Franchising, LLC. Our principal place of business is located at 110 Mansell Circle, Suite 375, Roswell, GA, 30075. Our agents for service of process are listed in Exhibit F.

We began offering franchises to open and operate businesses to sell, market and install or refurbish concrete garage floors with an epoxy coating system ("Services") under the Granite Garage Floors marks in 2013. As of December 31, 2022 we had 14 franchise locations.

We have never offered any other franchises in any other line of business. We do not conduct any other business activities.

Parent, Predecessors, and Affiliates

On May 13, 2022 all of our membership interests were acquired by Threshold Brands, LLC ("Threshold Brands"). Threshold Brands maintains its principal place of business at 77 North Washington Street, Boston, MA, 02114. Threshold Brands is a wholly owned subsidiary of HS Group Holding Company, LLC ("HSGH"). HSGH maintains its principal place of business at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111.

Affiliates and Predecessors

Our affiliate The Garage Floor Coating Company, LLC ("TGFCC"), has operated a Granite Garage Floors business similar to the franchises being offered in this Disclosure Document since 2011. The principal place of business of TGFCC is the same as ours. TGFCC has never offered franchises for this business, nor in any other line of business.

Our affiliate Granite Garage Floors Licensing, LLC ("GGFL") currently owns the intellectual property rights to the Granite Garage Floors trademarks and has licensed us the right to use and sublicense the Granite Garage Floors concept under a License Agreement dated July 15, 2018 (the "IP License Agreement"). As such, it may be considered a predecessor of ours. The principal place of business of GGFL is 10945 State Bridge Road, Suite 401-171, Alpharetta, GA 30022. GGFL has never offered franchises for this business, nor in any other line of business.

Our affiliate MaidPro Franchise, LLC ("MaidPro") is a franchisor of businesses providing residential and commercial cleaning and other related services to individuals and businesses. Its principal business address is 77 North Washington Street, Boston, MA 02114. MaidPro has been offering residential and commercial cleaning service franchises since February 1997. As of December 31, 2022 it had 241 franchised locations in the United States and 16 franchised locations in Canada.

Our affiliate FlyFoe, LLC d/b/a Patio Patrol ("Patio Patrol"), is a franchisor of businesses providing residential and commercial mosquito, wasp, fly, tick control and other general pest control services under the Patio Patrol name and marks. Patio Patrol's principal business address is 77 North Washington Street, Boston, Massachusetts 02114. Patio Patrol began offering franchises in February, 2018 under the "FlyFoe" name and continued until July 15, 2022 when it began offering franchises under the name "Patio Patrol" and increased its service offering. As of December 31, 2022, there were 7 Patio Patrol franchises in operation.

Our affiliate Men In Kilts US, LLC ("MIK"), is a franchisor of businesses providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. MIK's principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK began offering franchises in March, 2019 and as of December 31, 2022 had 18 franchises.

Our affiliate Men In Kilts Canada Inc. ("MIK Canada"), is the franchisor of the Men In Kilts brand in Canada. Its principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK Canada through its predecessor has been offering Men In Kilts franchises since 2011 and as of December 31, 2022 had 21 Men In Kilts franchises in Canada.

Our affiliate Pestmaster Franchise Network, LLC ("Pestmaster"), is a franchisor of businesses providing structural and agricultural pest control and related services. Pestmaster's principal business address is 9716 South Virginia Street, Suite E, Reno, Nevada 89511. Pestmaster through its predecessor has been offering franchises since June 1991 and as of December 31, 2022 had 51 franchises.

Our affiliate USA Insulation Franchise, LLC ("USA Insulation") is a franchisor of businesses providing residential insulation services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since March 2006 and as of December 31, 2022 had 98 franchises.

Our affiliate PHP Franchise, LLC ("PHP"), is a franchisor of businesses provided residential plumbing and related services under the Plumbing Paramedics mark and businesses providing residential heating and air conditioning services under the Heating & Air Paramedics mark. Its principal place of business is 9750 E. 150th Street Noblesville, IN 46060. Beginning in November 2021, PHP began offering Plumbing Paramedics and Heating & Air Paramedics franchises. As of December 31, 2022 it had 1 Plumbing Paramedics franchises and 3 Heating & Air Paramedics franchises.

Our affiliate Sir Grout Franchising, LLC ("Sir Grout") is a franchisor of businesses providing grout and tile cleaning, sealing, caulking and restoration services as well as other services. Its principal business address is 77 North Washington Street, Boston, MA 02114. Sir Grout has been offering franchises since August 2007 and as of December 31, 2022 had 52 franchises.

Our affiliate Mold Medics Franchising LLC is a franchisor of businesses providing mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products. Its principal business

address is 811 Washington Avenue, Carnegie, PA 15106. It has been offering franchises since December 2020 and as of December 31, 2022 had 1 franchise.

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

The Franchised Business

We offer the right to operate a franchised businesses that sells, markets and installs residential garage floor coating systems ("Franchised Businesses," also sometimes referred to in this Disclosure Document as "GGF Businesses"). Sources of customers and leads include builders, designers, architects, remodelers, and direct marketing to consumers.

Franchised Businesses operate under the Granite Garage Floors logo and word marks and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos (collectively, the "Marks") and are identified by our color schemes, signage, and other identification schemes (collectively, the "Trade Dress"). We may designate other trade names, service marks, and trademarks as Marks and may change any of the Marks periodically. We may periodically change, add to, or cease to use any elements of the Trade Dress.

Franchised Businesses operate under a prescribed system of specifications and operating procedures that our affiliates and we have developed and will continue to develop (the "System"). The distinguishing characteristics of the System include our Trade Dress; our training program, operating procedures, customer service standards, and marketing techniques; and the policies, procedures, standards, and specifications set out in our operations manual (collectively, the "Manuals"). We may change, improve, and further develop the elements of the System periodically.

As a franchisee, you may operate one Franchised Business within an area of primary responsibility (the "Territory") that we will specify in the franchise agreement that we and you will sign (the "Franchise Agreement"). Our current form of Franchise Agreement is contained in Exhibit A to this Disclosure Document.

There is no limit to the number of vehicles that you may operate within your Territory. But you may not directly or indirectly solicit sales or provide Services to a customer located outside of your Territory without our prior written consent.

Market and Competition

The market for your Services will be any residential homeowner seeking the coating of their residential garage floor. Your customers may be homeowners in the process of building a home who would like their new garage floor coated or existing homeowners who may be interested in coating or re-coating their existing garage floor. The market for these Services is well developed. Sales are not seasonal.

Your competition will include other businesses that provide garage coating services. Many of these businesses will specialize in the provision of these services while others will provide them as one of a

suite of their services. These businesses may be independently owned and operated or franchised. Various large retailers of home improvement services may also provide this service and you will compete with these retailers for market share.

Industry-Specific Regulations

There may be local laws governing the sale and installation of home improvements and construction or building contracting. Your state or local government may require a contractor's license; it is your responsibility to determine the need for licenses and obtain them as necessary. In addition, you will have to comply with laws and regulations that are applicable to business generally (such as workers' compensation).

Federal, state and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements. You should consult with your attorney about laws and regulations that may affect your Franchised Business.

This is a specialty contracting business requiring concrete to be prepared through an industrial diamond grinding process where the machines are connected to vacuum systems as well as the applications of industrial grade coatings. There will be various federal and state OSHA laws and regulations applicable to your business that you must satisfy.

ITEM 2
BUSINESS EXPERIENCE

Chairman of the Board of Managers – Tom Silk

Mr. Silk joined us as the Chairman of our Board of Managers in September 2022. Mr. Silk is the Chairman of the Board of Managers for our parent company Threshold Brands, LLC and its parent company, HS Group Holding Company, LLC. Mr. Silk is also the Chairman of the Board of Managers for all of our affiliate companies listed in Item 1. From September 2019 to August 2022 Mr. Silk was the CEO of Corporate Rewards d/b/a WorkStride in New York, NY. From January 2013 to September 2019 Mr. Silk served as WorkStride's Chief Customer Officer.

Vice President and Manager – Caroline Peck

Ms. Peck has been our Vice President and a member of our Board of Managers since May 2022. Since August 2021 Ms. Peck has been the Vice President and a Manager of our parent, Threshold Brands, LLC, and since August 2020 Ms. Peck has been the Vice President and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Ms. Peck is a Vice President and Manager/Director for all of our affiliate companies listed in Item 1. Since June 2017, Ms. Peck has been an Associate with The Riverside Company, located in Cleveland, Ohio.

Vice President, Secretary and Manager – Stephen Rice

Mr. Rice has been our Vice President and Secretary and a member of our Board of Managers since May 2022. Since August 2021 Mr. Rice has been the Vice President, Secretary and a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Rice has been the Vice President, Secretary and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Rice is the Vice President,

Secretary and a Manager/Director of all of our affiliate companies listed in Item 1. Since October 2010, Mr. Rice has been a Principal of The Riverside Company, located in Cleveland, Ohio.

Manager – Ryan Farris

Mr. Farris has been a member of our Board of Managers since May 2022. Mr. Farris is a Manager of all of our affiliate companies listed in Item 1. Mr. Farris has been employed by AlphaGraphics in Lakewood, Colorado, since September 2015, where he has served as the President and COO since October 2017. Since August 2020 Mr. Farris has also served as the President and COO of PostNet International Franchise Corp., also located in Lakewood, Colorado.

Manager – Steven Siegel

Mr. Siegel has been a member of our Board of Managers since May 2022. Since August 2021 Mr. Siegel has served as a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Siegel has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Siegel is a Manager of all of our affiliate companies listed in Item 1. Since January 2005, Mr. Siegel has served as a Managing Partner at Brookside Consulting located in Thornton, New Hampshire.

Manager – Mark Kushinsky

Mr. Kushinsky has been a member of our Board of Managers since May 2022. Since August 2021 Mr. Kushinsky has served as a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Kushinsky has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Kushinsky is a Manager of all of our affiliate companies listed in Item 1. From April 2008 to April 2021, Mr. Kushinsky was Chief Executive Officer of MaidPro Franchise, LLC and its predecessor, MaidPro Franchise Corporation, located in Boston, MA.

Chief Executive Officer and Manager – Theodore Demarino

Since June 2023, Mr. Demarino has been our Chief Executive Officer ("CEO") and a member of our Board of Managers. Mr. Demarino is also the CEO and a Manager of our parent, Threshold Brands, LLC and of its parent, HS Group Holding Company, LLC. He also serves as the CEO and a Manager of our affiliates listed in Item 1. From October 2019 to May 2023, Mr. Demarino was the President of Liberty Tax in Hurst, TX. Before that, Mr. Demarino served as Operating Partner of Vintage Capital Management in Frisco, TX from September 2016 to October 2019.

Chief Financial Officer – Scott A. Fink

Since June 2023, Mr. Fink has been our Chief Financial Officer ("CFO"). Mr. Fink is also the CFO of our parent, Threshold Brands, LLC and its parent, HS Group Holding Company, LLC. He also serves as the CFO of our affiliates listed in Item 1. From October 2020 to June 2023, Mr. Fink was the CFO of The Bazaar, Inc. in River Grove, IL. Before that, Mr. Fink Served as SFO of Akash Chemicals, Inc. in Glendale Heights, IL from April 2017 to October 2020.

Chief Legal Officer – Robert G. Huelin

Mr. Huelin has been our Chief Legal Officer ("CLO") since May 2022. Mr. Huelin has been the CLO for our parent, Threshold Brands, LLC since August 2021. Mr. Huelin serves as the CLO for all of our other

affiliate companies listed in Item 1. From December 2014 to May 2021 Mr. Huelin was the Vice President, Legal and Compliance for Wireless Zone, LLC in Rocky Hill, CT.

Human Resources – Somerset Buchanan

Since November 2022, Ms. Buchanan has been our Vice President of Human Resources, and the Vice President, Human Resources for our parent, Threshold Brands, LLC and each of our affiliated companies listed in Item 1. From March 2022 until November 2022, Ms. Buchanan was our Senior Director of Central Coaching. From December 2020 until March 2022, Ms. Buchanan was our Director of Central Coaching. Before joining us, Ms. Buchanan was Director of Field and New Franchisee Learning for Dunkin Brands in Canton, MA from February 2019 to June 2020. Ms. Buchanan was previously the Senior Learning Manager of New Franchisee Learning for Dunkin Brands from January 2017 to February 2019.

Senior Director of Franchise Development – Ron Bender

Since August 2021 Mr. Bender has been our Senior Director of Franchise Development and the Senior Director of Franchise Development for our parent, Threshold Brands, LLC and each of our affiliate companies listed in Item 1. From February 2019 until August 2021 Mr. Bender was the Vice President of Franchising for EnviroLogik in Bradenton, FL. From January 2015 to January 2019 Mr. Bender was the Vice President of Franchise Development for Big Frog Custom T-Shirts in Dunedin, FL.

Franchise Development Manager – JoAnne Ryan

JoAnne Ryan joined us as our Franchise Development Manager in October 2022. Before joining us Ms. Ryan was a Loan Officer for Ocwen Mortgage in Mount Laurel, NJ from January 2021 to June 2022. From January 2013 to October 2020, Ms. Ryan was a Franchise Business Development Manager for Authority Brands in Columbia, MD.

Senior Operations Manager – Kayla Cina

Ms. Cina has been our Senior Operations Manager since January 2023. Since January 2022 Ms. Cina has also been the Senior Operations Manager for our affiliates Men In Kilts US, LLC and Man In Kilts Canada, Inc. From September 2017 to December 2021 Ms. Cina was the Manager, Strategic Initiatives for MaidPro Franchise, LLC and its predecessor, located in Boston, MA.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

You will pay us an initial franchise fee of $60,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement. We may offer to prospects who meet our qualifications, including creditworthiness financing of up to the full amount of the Initial Franchise Fee. See Item 10 for additional information.

During 2022 our franchise offering included discounts such that our Initial Franchise Fees ranged from $0 to $60,000.

You will also pay us a $2,500 Technology Package Fee which covers the initial configuration of your CRM Account, website set-up, and establishing your local online listings. This is due upon signing the Franchise Agreement.

We may offer you the option of waiving the Initial Franchise Fee in exchange for an increase to the Royalty Fee rate by an additional 2.5% of Gross Sales (example a 6.5% royalty will increase to 9%) for the initial 10 year term and the first 10 year renewal term, if the franchise is renewed. See Franchise Agreement, Exhibit D. We refer to this program as our "Franchise Option Program". See Item 6 for additional information.

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

We currently offer a multi-unit discount. If you purchase 3 or more Granite Garage Floors franchises, you may be eligible to receive a 25% reduction of the Initial Franchise Fee off the second and any additional franchises you purchase at the time you purchase the initial Granite Garage Floors franchise.

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

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

We pay a referral fee ("Referral Fee") to any current franchisee for each candidate referred to us who meets our qualifications and signs a Franchise Agreement. Currently, the Referral Fee is $10,000 for each successful referral of a candidate who is not a current franchisee of our brand or any of our affiliate brands.

All amounts in this Item 5 are deemed fully earned and non-refundable when due.

ITEM 6
OTHER FEES

Type of Fee [1]	Amount	Due Date	Remarks
Royalty Fee [2]	6.5% of Gross Sales or minimum Monthly Royalty payment as outlined in the schedule below. Month 4 – 12 $500 Month 13-24 $1,000 Month 25-36 $1,500 Month 37-48 $2,000 Month 49-beyond $2,500	Payable monthly by Electronic Funds. Transfer. Funds must be in your designated bank account by the fifth day of the calendar month immediately following the month in which they accrued. You must provide us with monthly gross sales reports due by the 10th day following the end of the month and reconcile any amounts between what was paid and what is due within 5 business days of notification.	Starting in the 4th month after you begin operating your Franchised Business, you must pay the Minimum Royalty or your Royalty Fee, whichever is greater. "Gross Sales" means all revenue from the sale of all services and products and all other income of every kind related to your business activities under your Franchise Agreement, whether cash or credit (and regardless of collection in the case of credit).
Brand Fund Fee	2% of Gross Sales.	Monthly; by electronic funds transfer no later than one week after the end of the month for which it is due.	See Note 1 and 3.
Interest	The lesser of 12% per annum, or the maximum rate permitted by applicable law,	Upon demand.	If any fee or payment due under the Franchise Agreement is not paid on the date it is due, you must pay to us interest from the date these amounts were originally due.

Type of Fee [1]	Amount	Due Date	Remarks
Training	Currently $500/day plus expenses.	Before training commences.	We can charge for (i) training persons repeating our initial training program or replacing a person who did not pass our initial training program, (ii) initial training for additional employees (beyond the two employees entitled to attend the initial training at no charge), and (iii) periodic additional training we may provide or require. You are responsible for any travel expenses, wages, and other expenses incurred by your trainees for any training.
Additional Assistance	The travel and living expenses of our representatives plus a current Consulting Fee of $500 per day.	Within 15 days after services are rendered.	Payable if we provide requested consulting services in person at a place other than our offices and the assistance requires travel beyond our routine field visits. We may increase the amount of the Consulting Fee once within any 12-month period.
Supplier Review	Our reasonable cost of inspecting the supplier or testing the proposed equipment, including personnel or travel costs.	Upon demand.	Payable if you wish to offer or use any supplies or equipment that we have not approved or to purchase from a supplier that we have not approved, whether or not we approve the item or supplier.
Renewal Fee	$1,500.	Upon signing a successor Franchise Agreement.	You have the option to renew the franchise, provided that you meet certain conditions.
Transfer Fee	$5,000	At or before transfer.	Payable only upon transfer of your franchise.

Type of Fee [1]	Amount	Due Date	Remarks
CRM Software Fee	$75/month per user, not to exceed $150 a month, subject to annual adjustments.	Upon completion of service. Monthly by electronic funds transfer no later than one week after the end of the month for which they are due.	Paid to the vendor.
Cloud Hosting-QB/GGF Virtual Network Fees	Up to $75/month for cloud based Virtual Network provider to include QB License for integration into CRM software platform.	Monthly by electronic funds transfer no later than one week after the end of the month for which it is due.	Paid to the vendor.
Email Hosting	$12/month per user.	Monthly by electronic funds transfer no later than one week after the end of the month for which it is due.	Paid to us.
Financial management software	$15 per month per license	Due monthly by automatic debit/EFT	Paid to us.
Insurance	Cost of the premium plus a reasonable fee for our services in procuring the insurance.	Upon demand.	Payable only if you fail to maintain the minimum insurance we require and we choose to procure the required insurance for you.

Type of Fee [1]	Amount	Due Date	Remarks
Inspection	Our reasonable expenses incurred in inspecting your Franchised Business, including travel, meals, and lodging costs and compensation for our representatives.	Upon demand.	Payable if inspection is necessitated by a repeated or continuing failure to comply with any provision of the Franchise Agreement.
Remedial Expenses	Our reasonable expenses incurred in correcting your operational deficiencies.	Upon demand.	If we give you notice of deficiencies we identify during an inspection and you fail to correct the deficiencies in a reasonable time; we may correct the deficiencies at your expense.
Enforcement Expenses	Our reasonable cost of de-identifying your Franchised Businesses and other costs and expenses incurred as a result of your failure to comply with your post-termination obligations.	Upon demand.	Payable if your Franchise Agreement expires or is terminated, and you fail to de-identify your Franchised Businesses and comply with your other post-term obligations, and we take steps to do so.
Indemnification	Our liabilities, fines, losses, damages, costs, and expenses (including reasonable attorneys' fees).	Upon demand.	Payable if we incur losses due to your activities or failure to perform under the Franchise Agreement.

Type of Fee [1]	Amount	Due Date	Remarks
Technology Fee	A monthly technology support fee of $95 subject to change upon 30 days advance notice from us to you.	Monthly, by electronic funds transfer.	Paid to us to support web management, maintenance and ongoing changes.
Online SEO/SEM Management Fee	A monthly fee of $495 for the overall management of local SEO and online marketing.	Monthly paid by credit card.	Paid to the vendor.
Convention Fee [4]	Up to $1,500 depending upon costs.	Due at registration.	See Note 3
On-Site Training Fee	$300 per employee per day plus expenses of our personnel who perform service.	Within 15 days of the service	Only payable if you fail to meet our standards and we require you to have on-site assistance and training.
Audit	Cost of Audit	Upon demand	Payable only if audit shows an under-statement of at least 2% of Gross Sales for any month.
Lease Fee	Amounts we pay on your behalf	Upon demand	Payable only if we pay any amount on your behalf under your lease or sublease.

NOTES:

1. The table above describes fees and other amounts payable to us or our affiliates (or, if otherwise noted, to a third party), relating to the operation of your Franchised Business. All of the fees and other amounts in the table above are non-refundable and are uniformly imposed. You must use the payment methods we designate. We currently require electronic funds transfer. You must sign and deliver to us an irrevocable EFT Authorization attached as Exhibit C to the Franchise

Agreement to enable our financial institution to debit your primary bank account at your bank in order to pay us all amounts you owe us. You must maintain enough funds in the account to cover all amounts payable to us. If funds in the Account are not enough to cover the amounts payable to us the outstanding amount will be considered overdue and you must pay us the overdue amount plus interest, any related bank fees. If you do not timely report your Gross Sales, we may estimate the amount of fees due and make a withdrawal from your bank account based on our estimate, plus 10%. If we underestimate any fees due, you must pay the total amount of fees due. If we overestimate any fees due, we will credit the fees paid against fees due in the next payment period after we receive accurate records regarding your Gross Sales.

2. If you have accepted our offer to waive the Initial Franchise Fee under our Franchise Option Program your Royalty Fee will be 9% of Gross Sales for the initial 10 year term and the first 10 year renewal term, if renewed.
3. Our current Brand Fund Fee is 2% of your monthly Gross Sales (see Franchise Agreement - Section 3.3). The Brand Fund Fee is non-refundable.
4. We may from time-to-time conduct conventions or host meetings of some or all of our franchisees. ("Conventions"). You must attend one or more of our Conventions and pay all of your expenses incurred in connection with attending the Conventions, including registration, transportation, meals, lodging and living expenses. We determine the duration, curriculum and location of the Conventions. You must pay the applicable registration fee for each Convention at the time of registration. This fee is not refundable and will be collected even if you do not attend the Convention.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Franchise Fee (1)	$60,000	Lump sum	At signing of Franchise Agreement	Us
Vehicle and Wrap (2)	$14,000 to $80,000	As Incurred	As incurred	Approved Vendor/Car dealer
Initial Inventory and Equipment (3)	$30,000,000 to $70,000	As Incurred	Prior to beginning business	Approved Vendor/Supplier
Rent and Improvements (4)	$0 to $6,000	As Incurred	Upon signing	Contractor
Training (5)	$5,000 to $10,000	Reimburse us	As billed/incurred	Approved GGF trainer

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Office Furniture, Equipment and Miscellaneous Supplies (6)	$0 to $7,000	Cash	As incurred	Approved Vendor/Suppliers
Advertising – Pre-Opening and Initial 3 Months (7)	$35,000	As Incurred	As Incurred	Suppliers and Vendors
Business Insurance Deposits and Premiums (8)	$1,000 to $1,500	As Incurred	As incurred	Insurance company or broker
Professional Fees	$1,000 to $2,000	Cash/credit	As incurred	Your attorneys, accountants, and business advisors
Technology (9)	$5,400	EFT	As incurred	Us
Professional Service Fees and Licensing (10)	$3,000 to $8,500	Cash	As incurred	Licensing authorities, utilities
Additional Funds - Initial 3 Months (11)	$15,000 to $45,000	Cash	As incurred	Employees, suppliers, utilities, etc.
TOTAL (12)	$169,400 to $330,400			

NOTES:

1. See Item 5. Initial Franchise Fee may be waived under the Franchise Option Program or if you are a conversion franchisee. We may offer to finance up to of the full amount of the Initial Franchise Fee. See Items 5 and 10 for additional information.

2. We currently do not specify the make and model of the vehicle that you must use but reserve the right to do so. We recommend that you use a 12-foot box truck with a lift gate as your primary franchise vehicle. You may request our approval to use your personal vehicle, but if we do not approve you must lease or purchase an appropriate vehicle. The low estimate is based on the estimated monthly lease cost for an appropriate vehicle and the high estimate is based on the cost

of purchasing a brand new vehicle. All estimated costs include installing a vehicle wrap per our specifications.

3. We do not specify quantities of inventory or equipment but we do provide a recommended list of materials and equipment during the pre-opening process. The recommended materials include, a diamond grinder, grinder-diamonds, grinder wheels, a generator, a floor vacuum, extension cords, a drill and an electric blower. Additional supplies include rollers, painters cloth, buckets, trash bags, tarps, knives, scrapers, respirators, caulk, shovels and squeegees. Inventory includes epoxy, solvents, flakes, sand and floor patch. The low estimate assumes no more than 2-3 jobs of equipment and supplies, purchased for the lowest market-prices available. The high estimate assumes the purchase of all potential equipment and supplies in volumes necessary to support 10, purchased for the highest market prices available.

4. We do not require you to lease a commercial space, and you may operate from your residence if it is suitable for the operation of the Franchised Business, including that it is zoned appropriately for the operation of your business. The low estimate assumes you are managing your Franchised Business from your home and no improvements are required. The high estimate assumes three-months rental of a commercial space of approx. 1,000 square feet at a monthly rent of $1,500 and reasonable improvements to accommodate the storage of equipment and inventory.

5. We offer approximately 5 days of initial classroom and field training at our Atlanta office (or at such other location as we designate) for you and up to one other person. We supplement that training with approximately 3 days of training on-site at your franchise location. You must pay all costs of travel, food and lodging to attend the initial training. You may be required to reimburse us for our costs in travel, food and lodging to provide on-site training if your training requirements or unusual or extensive. You must pay our then-current attendance fee if you bring more than two persons to the initial training. The low estimate assumes two attendees at our on-site training for five days. The high estimate assumes two attendees at our on-site training for five days.

6. We do not require specific computer hardware, office furniture or supplies. The low estimate assumes that you already own a computer, office furniture and office supplies suitable to operate the Franchised Business. The high estimate assumes you must purchase a copier, computer, printer, internet and phone service, chairs, desks and supplies for the same (paper, ink, pens, etc.).

7. Before opening, you must purchase a package of marketing materials for use in branding and marketing your Franchised Business which includes printed materials (business cards, door hangers, yard signs), direct mail, networking organization memberships, digital advertising, search-engine optimization services, review solicitation services, and website management. These services are purchased from third-party vendors, and the fees payable to our vendors are non-refundable. The expected cost of these services is $25,000. These estimates also include our current required minimum monthly local advertising spend of $3,000.

8. This estimate is for the cost of a deposit and your first three months of premiums for the minimum required insurance. The cost of coverage will vary based upon the area in which your business will be located, your experience with the insurance carrier, the loss experience of the carrier, the amount of deductibles and of coverage, and other factors beyond our control.

9. We require you to utilize customer relationship management software in the operation of your Franchised Business. You must also use “cloud hosting” software that enables your CRM to communicate with other programs. The current cost charged by our vendor for our required CRM software is $75 per month, per user. The cost charged by our vendor for “cloud hosting” is $75

per month. You are required to utilize our branded emails, the cost for which is currently $12 per month per user. You must use financial management software, the cost for which is currently $15 per month per license. You must pay us a monthly Technology Fee of $95 per month for website management and maintenance services. We have a service provider for digital marketing and search engine optimization services at a cost to you of $495 per month. We charge a Technology Package Fee of $2,500 to set up your CRM, website and digital marketing presence.

10. You may be required to acquire a professional license in your state in order to operate the Franchised Business. You are responsible for acquiring and maintaining all required licenses. We recommend that you utilize professional advisors, including an attorney and an accountant, to assist you in establishing your business, acquiring and maintaining required licenses and ensuring that you operate your Franchised Business in compliance with applicable laws. The low estimate assume that you require limited assistance from an attorney and accountant. The high estimate assumes that you must acquire a license and that you utilize extensive assistance from professional advisors.

11. This is an estimate of the amount of additional operating capital that you may need during the first three months after opening your Franchised Business. This estimate includes additional funds you may need to pay, including, employee salaries and wages, payroll taxes, utilities, fuel costs, credit card facility fees, such items as payroll taxes (including payroll to cover the pre-opening training period for your staff), legal and accounting fees, additional advertising, health and workers' compensation insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, state tax and license fees, deposits, prepaid expenses, nominal call center charges if you choose to use one, and other miscellaneous items. The expenses you incur during the start-up period will depend on factors such as local economic and market conditions, your business experience, and weather conditions.

12. These estimates are based upon our affiliate's experience operating a Granite Garage Floor business as well as the experiences of our franchisees. The initial investment is for a new franchisee developing a Franchised Business. Your costs may vary based on a number of factors including the geographic area in which you open, local market conditions, and your skills at operating a business. All payments to us are non-refundable. The refundability of payments to others will depend upon your arrangement with them. If you are purchasing an additional or expansion unit in an adjacent Territory and intend to operate multiple units from a single location, many of these expenses may not apply or may be substantially reduced, such as leasing relating costs, office furniture, fixtures and equipment, signage, software license fees, licenses and permits and other possible expenses.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as stated below, you are not required to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the Franchised Business from us, our designees, or suppliers we approve, or under our specifications.

Supplies, Equipment and Services. You may offer in your Franchised Business only the services that we have approved in writing, as specified in the Manuals, and you may only use in your Franchised Business the types of vehicles that we have approved in writing, as specified in the Manuals. We can require that supplies, equipment, vehicles, and services that you purchase for use, rent, or resale in your

Franchised Business: (i) meet specifications that we establish periodically; (ii) be a specific brand, kind or model; (iii) be purchased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates). We may change the authorized supplies, equipment, vehicles, and services at our discretion, and we may designate specific supplies, equipment, and services as optional or mandatory. You must use all items or sources of supply that we designate as mandatory. You must comply with any terms, conditions, or other restrictions imposed by suppliers or service providers relating to the purchase or use of their products or services. You must maintain and use a sufficient inventory of supplies and equipment and enough vehicles to meet the standards we prescribe in the Manuals. Your vehicle must be wrapped to meet our specifications. We can require you to purchase the graphics for the vehicles from us or a vendor that we designate. All graphics on the vehicles must be placed in accordance with our specifications, and the interior of all vehicles must be outfitted in accordance with our standards and specifications.

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

We estimate that 75% of your purchases and leases in establishing the Franchised Business and approximately 75% of your total purchases and leases in operating the Franchised Business will be subject to the restrictions described above.

No officer of GGF owns an interest in any supplier.

Approval Process. If you would like to (i) offer services that we have not approved, (ii) use any supplies, equipment, vehicle, or services that we have not approved, or (iii) purchase from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We may inspect the proposed supplier's facilities and test samples of the proposed items and to evaluate the proposed service provider and the proposed service offerings. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed item or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We can grant, deny, or revoke approval of items, services, suppliers, or service providers based solely on our judgment and we currently do not publish our criteria for granting approvals. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 60 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request.

We may reinspect the facilities and products of any approved supplier and reevaluate the services provided by any service provider and revoke approval of the product, service, supplier, or service provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you must cease purchasing the formerly-approved item or service or any products or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct.

Location. You must maintain a business location which must be located in your Territory and which must be approved by us as suitable for the operation of the Franchised Business. If you operate multiple units in adjacent territories, you may elect to maintain a single business office in one of the territories.

You may manage the Franchised Business from your home if it meets our requirements. Before entering into any lease, you must submit to us the proposed site lease and any information about the site that we request for our approval. We can require your lease to include any provisions that we may reasonably require, which we may specify in the Manuals or otherwise in writing. We reserve the right to require you to update your location periodically to meet our then-current standards.

Insurance. You must maintain at your expense in full force and effect throughout the term of your Franchise Agreement the types of insurance and the minimum policy limits specified in the Manuals. We must be named as additional insureds under each policy, except for policies required by statute in your jurisdiction, including, but not limited to, workers' compensation and employer's liability insurance policies. Our current insurance requirements and minimum coverages are: Premise–operations, $2,000,000 (aggregate); Products- $1,000,000 per occurrence; General Liability and advertising - $1,000,000 per person/organization; Medical Expense - $5,000 (one person); Fire - $100,000; Auto (combined single limit $1,000,000 each accident for auto in addition to hired and non-owned) - $1,000,000 (occurrence); Workers' Compensation – optional.

Advertising and Promotional Materials. All of your advertising and promotional materials must meet our specifications and be approved by us.

Computer Software and Services. We require you to utilize customer relationship management software in the operation of your franchised business. You must also use "cloud hosting" software that enables your CRM to communicate with other programs. You must use our branded emails and financial management software. We also have an approved supplier for search engine optimization services.

We have a sole supplier for the CRM software and cloud hosting software discussed above. We also have a sole supplier for the search engine optimization services you must use. We are the sole supplier for your branded emails, the financial management software you must use in your Franchised Business, and for your website management and maintenance services. We do not plan on approving other suppliers of these services.

Other than as discussed above, neither we nor any of our affiliates are currently the only approved supplier for any product or service you will use in your business.

Revenue from Purchases. We and our affiliates intend to make a profit on any products or services they or we provide to you. We and our affiliates may also derive revenue/rebates/ and/or other material consideration from your purchases of equipment, vehicles, marketing materials, supplies or other items from our approved suppliers. We will retain any rebates or other payments we receive from suppliers. During the year ending December 31, 2022, neither we nor our affiliates derived any revenues or other material consideration from required purchases or leases from Granite Garage Floors franchisees.

We are not involved in any purchasing or distribution cooperatives. We have negotiated franchisee pricing directly with manufacturers which is provided – generally as discounts to list pricing – directly to the franchisee from the manufacturer. We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a.	Pre-opening purchases/leases	Sections 5.2, 5.3, 5.5, 5.7, 5.10(c), 5.13 and 5.15	Items 6, 7, 8 and 11
b.	Pre-opening requirements	Sections 5.1(b), 5.3, 5.5, 5.7, 5.8,(a), 5.10(c)(f), 5.13, 5.14, and 5.15	Items 7, 8 and 11
c.	Initial and ongoing training	Sections 5.8 and 5.11	Items 6, 7 and 11
d.	Opening	Sections 5.1(b)	Items 5, 6 and 11
e.	Fees	Sections 3, 4.4, 4.5, 5.8(b), 5.11, 5.13, 5.15, 5.27(c) and (f)	Items 5, 6, 7 and 11
f.	Compliance with standards and policies/Operations Manual	Sections 5.2, 5.3, 5.4, 5.5, 5.6, 5.10, 5.13, 5.14, 5.15, 5.16, 5.17, 5.18 and 5.30	Items 7, 8, 11, 13, 14, 15 and 16
g.	Trademarks and proprietary information	Sections 5.16 and 5.18	Items 13, 14 and 17
h.	Restrictions on products/services offered	Sections 5.2, 5.5, 5.6 and 5.9	Items 8 and 16
i.	Warranty and customer service requirements	Sections 1.3, 4.11	Items 8 and 16
j.	Territory development and sales quotas	Sections 1 and 5.1(a)	Items 5 and 12
k.	Ongoing product/service purchases	Sections 5.2, 5.3, 5.4, 5.5 and 5.6	Items 8 and 16
l.	Maintenance, appearance and remodeling requirements	Sections 5.3, 5.4 and 5.7	Items 7, 8 and 11
m.	Insurance	Section 5.15	Items 7 and 8
n.	Advertising	Sections 3.3, 4.8 and 5.10	Items 6, 7, 8 and 11
o.	Indemnification	Section 5.25	Item 6

	Obligation	Section in Franchise Agreement	Disclosure Document Item
p.	Owner's participation/ management/staffing	Recitals, Sections 5.1(a), 5.8, 5.11, 5.21, and 5.30	Items 11 and 15
q.	Records and reports	Sections 5.10(a), 5.10(b), 5.20, 5.21, 5.22, 5.30	Items 6 and 17
r.	Inspections and audits	Sections 5.23 and 5.24	Items 6 and 11
s.	Transfer	Section 5.27	Items 6 and 17
t.	Renewal	Section 2.2	Item 17
u.	Post-termination obligations	Sections 5.27 and 7	Item 17
v.	Non-competition covenants	Section 5.26	Item 17
w.	Dispute resolution	Section 8	Item 17

ITEM 10
FINANCING

Except as stated below, we offer no financing arrangements to Granite Garage Floors franchisees and we do not receive payment or other consideration for the placing of financing. We do not guaranty any note, lease or obligation you enter into for your Franchised Business.

We may offer financing of up to the full amount of the Initial Franchise Fee as disclosed in Item 5 to prospects who meet our qualifications, including creditworthiness.

If you qualify and accept financing from us, you must sign the Promissory Note attached as Exhibit B to the Franchise Agreement. Your owners must guaranty the payment of all amounts you owe under the Promissory Note.

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

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

Under the Promissory Note, you waive: (1) the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce your obligations under the Note (Section 6); (2) the right to demand, presentment for payment, notices of nonperformance or nonpayment, protest and notice of protest, notice of dishonor, diligence in bringing suit and notice of acceleration (Section 7); (3) questions of governing law, personal jurisdiction and convenience of forum and venue (Section 12 and 14); (4) trial by jury (Section 13); and (5) all claims that you may have against us and any persons and

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

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

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

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

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

Our Pre-Opening Obligations

Before you begin operating your Franchised Business:

1. Designate Territory. We will designate your Territory. (Franchise Agreement - Recital D)

2. Initial Training. We will provide our initial training program to you and your Operating Principal (if any) . See "Training", below in this Item. (Franchise Agreement - Section 4.2)

3. Opening Assistance. We will advise you as to initial orders of equipment and supplies and advise you as to establishment of business relationships with approved suppliers. (Franchise Agreement - Section 4.3)

4. Manuals. We will make available to you in electronic form our Operations Manual (Franchise Agreement - Section 4.1). As of December 31, 2022, the Operations Manual contained 66 pages. The Table of Contents of the Operations Manual is attached as Exhibit E to this Disclosure Document.

5. Supply Arrangements. We will designate sources for equipment and materials necessary for you to begin operating your Franchised Business. (Franchise Agreement – Section 4.6)

6. Software. We will assist you in setting up your customer relationship software, financial management software, branded email, website and digital marketing presence and instruct you on the use of the same. (Franchise Agreement—Section 3.6)

7. Launch Advertising. We will provide you with a template for your initial launch advertising plan. (Franchise Agreement – Section 4.8(f))

8. Approve Opening. We will approve your commencing operation of your Franchised Business when you have met all of our pre-opening requirements. (Franchise Agreement - Section 5.1(b))

We estimate that the typical length of time between signing a Franchise Agreement and beginning to perform Services for your Franchised Business is approximately 90 days. Factors affecting this length of time include, among others: successful completion of initial training program; local ordinances or community requirements; your personal goals; issuance of all necessary licenses, permits and approvals; and procuring required insurance. You must begin offering Services for your Franchised Business within 120 days after signing the Franchise Agreement. (Franchise Agreement - Section 5.1). If you do not offer Services for your Franchised Business within 120 days after signing the Franchise Agreement, we may terminate the Franchise Agreement and we will retain any amounts you paid to us or our affiliates.

Ongoing Assistance

During the operation of your Franchised Business:

1. Additional Assistance. We will provide you with ongoing technical, managerial, and administrative advice and guidance by telephone, email, and other forms of communication from our office, as you may from time to time reasonably request. (Franchise Agreement – Section 4.4). Although we may provide you with suggestions for pricing of your Services and products we have no obligation to do so and you are solely responsible for setting these prices. Upon your request and our agreement, we will provide you with on-site extended assistance for on-site advice or training. You must pay for the travel and living expenses of our personnel who provide this assistance and our then-current consulting fee, which is currently $500 per day for each person. (Franchise Agreement – Section 4.4). We have no obligation to develop products or services that you will offer to customers, improve or develop your Franchised Business, establish administrative, bookkeeping and inventory control procedures for your use or except as disclosed above, resolve operating problems you encounter.

2. Equipment, Supplies, and Services. We or our affiliates may make available to you to purchase from us or our designee on our then-current prices and terms additional equipment, as well as supplies. (Franchise Agreement - Section 4.6)

3. Review of Equipment, Supplies, and Suppliers. We will review your requests for approval of new supplies, equipment, services, or suppliers. (Franchise Agreement - Section 4.7 and 5.2)

4. Additional Training. We may periodically conduct advanced training programs for you and your Operating Principal at our office or another location that we designate. We may provide additional training in person, via shared online drives such as Dropbox, company specific online portals, via teleconference, via the Internet, or by any other means, as we determine. (Franchise Agreement - Section 4.2(b))

5. Advertising. Although we have no obligation to do so, we may periodically formulate, develop, produce, and conduct advertising or promotional programs in such form and media as we determine. We may make marketing materials that we create available to you to purchase. (Franchise Agreement - Sections 4.8(b)).

6. Review Advertising. We will review your requests for approval of any advertising or promotional programs or materials you wish to use. If you do not receive our written approval within 10 business days from the date we receive the material, the material is deemed disapproved unless you again notify us in

writing of your request and we fail to disapprove such request in writing within 5 business days after such second request is received by us, in which case approval is deemed granted. (Franchise Agreement – Section 5.10(a))

7. Brand Fund Management. We will manage the Brand Fund as described below in this Item. (Franchise Agreement - Section 4.8(c))

8. Manuals Updates. We may amend, modify, or supplement the Manuals at any time. You must promptly comply with revised standards and procedures after we transmit the updates. (Franchise Agreement - Sections 4.1 and 5.14)

9. Meetings and Conferences. We may convene meetings of franchisees which are mandatory, as we may specify. The meetings may be held in person or remotely via teleconference or web seminar or any other means. (Franchise Agreement - Section 4.9)

10. Website. We will manage the Granite Garage Floors website and manage a dedicated location page for customer leads to inquire about Services in your Territory. (Franchise Agreement - Section 4.10 and 4.11)

11. Inspection. We may periodically inspect the operation of your Franchised Business and advise you of its results. We may provide you with a written action plan that you must carry out after each inspection. (Franchise Agreement – Section 4.5)

Advertising

General. You must obtain our advance written approval before using or producing any sales promotion materials, or advertising using any of the Marks, in whole or in part, that have not been prepared by or previously approved by us. We may require you obtain our approval in writing before you place and advertisements in any media, whether traditional media or digital media or social media. If any of your advertising within your Territory is in media that will or may reach a significant number of persons outside of your Territory, you must notify us in advance and obtain our consent. You must conduct all advertising in a dignified manner and to conform to the standards and requirements we specify in the Manuals. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within 10 business days from the date we received the material, the material is deemed disapproved unless you again notify us in writing of your request and we fail to approve or disapprove such request in writing within 5 business days after such second request is received by us, in which case approval is deemed granted. We can require you to discontinue the use of any advertising or marketing materials.

We may periodically formulate, develop, produce, and conduct advertising or promotional programs in the form and media we determine. We will make available to you for purchase marketing materials that we have prepared. (Franchise Agreement – Section 4.8(e)) You must also use our approved supplier of search engine marketing and optimization services. (Franchise Agreement – Section 3.6).

Although we have no obligation to conduct advertising, to date, our advertising has primarily consisted of driving traffic to the Granite Garage Floors website and local direct mail campaigns targeting specific demographics. Our advertising may be local, regional, or national in scope. We may employ a local, regional, or national advertising agency to produce advertising or may produce the advertisements in-house. We are not obligated to conduct any advertising or marketing programs within your Territory.

Brand Fund. We collect a monthly Brand Fund Fee. The Brand Fund Fee is 2% of your monthly Gross Sales. The Brand Fund Fee is non-refundable and is due at the time your royalty is required to be paid.

Brand Fund Fees are paid into the Brand Fund which is administered by us. The purpose of the Brand Fund is to develop programs that benefit the Granite Garage Floors brand. This means we may use monies in the Fund for any purpose that promotes the Granite Garage Floors name or any other names we choose to use in the System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Fund to pay for coaching and training for the franchisees in marketing, advertising, recruiting and sales. It is our responsibility to determine how monies in the Brand Fund are spent. (Franchise Agreement – Section 4.8(b))

We will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house; and decide which media to use, which may include Internet, print, radio, television, direct mail, or local in-store promotions. The Brand Fund is not audited but will prepare annual income and expense statements. Income and expense statements will be available to you upon request. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. If any taxes become due based upon the activities of the Brand Fund, these taxes may be paid out of the funds in the Brand Fund. We can terminate the Fund only after all monies have been spent for advertising and promotion. As our franchise system expands, we may create an advertising council. (Franchise Agreement – Section 5.10(b))

All Granite Garage Floors franchisees must contribute to the Brand Fund based on the terms of their Franchise Agreements. Neither we nor any of our affiliates have any obligation to contribute to the Brand Fund for Granite Garage Floors businesses operated by us or our affiliates. No portion of the funds collected will be used principally to sell franchises. However, a brief statement about availability of information regarding the purchase of Granite Garage Floors franchises may be included in advertising and other items produced and/or distributed using the Brand Fund. We may collaborate with the advertising and marketing funds of certain franchise systems affiliated with us. There can be no assurance that the Brand Fund's participation in these collaborations and joint efforts will benefit Granite Garage Floors franchisees proportionately or equivalently to the benefits received by the other franchised businesses or the other franchised systems affiliated with us that also participate. We are not obligated to make proportionate expenditures of your contributions per market area or otherwise. (Franchise Agreement – Section 4.8(c)). We do not guarantee that expenditures from the Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We may, but have no obligation to, loan amounts to the Fund and can determine the repayment obligation of the Fund, including interest rate of the loan and repayment terms, as we see fit.

We did not collect Brand Fund Fees before 2023 and we did not spend any Brand Fund monies in the prior fiscal year.

Local Advertising. You must develop and conduct, at your own expense, your own local advertising programs. You must submit your marketing plan to us annually for review and approval. You must purchase from our approved suppliers the pre-opening marketing package that we prescribe. (Franchise Agreement – Section 5.10(f)). You must utilize our required digital marketing vendor. You must spend a minimum monthly average of $3,000, calculated on a rolling twelve-month basis, on local advertising in the first 36 months after the Franchised Business begins operations. Beginning with the 37th month after beginning operations and continuing to the end of the term of the Franchise Agreement, you must spend a minimum average of $2,000 per month, calculated on a rolling twelve-month basis, on local advertising. This monthly spending is in addition to the payment of the Brand Fund Fee. (Franchise Agreement – Section 5.10(f)).

Websites. You are not authorized to have a website, blog or social media sites for your Franchised Business, to register any domain names related to the Granite Garage Floors concept, or to have a webpage related to your Franchised Business or on any third-party website. We will centrally manage a website for the Granite Garage Floors concept and any social media efforts for the brand. You must, upon our request, provide us with promotional materials or information relating to your Franchised Business for us to include on our website.

Advertising Cooperatives. We currently do not have any advertising cooperatives, but we may implement one in the future. If we do, then participation may be required, and any money spent with the cooperative will go toward your local marketing requirement. The area of any cooperative will be determined by us based on geographical and advertising market factors at the time. Any franchisor or affiliate owned units within a cooperative must participate on the same basis as any Franchised Businesses. We have not yet determined how any fund contributions would be decided, but most likely based on an equal basis within a cooperative. The cooperative will be administered as determined by its members, but subject to our right to veto any decisions of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved or merged. Any cooperative will be required to prepare annual financial statements which will be available for review by its members. Any cooperative will be governed based on written documents which will be available for your review.

Franchisee Advisory Council. We may establish an advisory council of franchisees ("Franchisee Advisory Council") to advise us on various issues and strategies. The Franchisee Advisory Council will have an advisory role, but no operational or decision-making power. We may change the structure and process of the Franchise Advisory Council or dissolve the Franchisee Advisory Council at any time.

Location

We do not provide you any assistance in selecting a site or negotiating a lease for your Franchised Business location. We do not generally own premises and lease them to you. You must operate from a location in your Territory unless you operate multiple contiguous franchised units, in which case we may allow you to operate multiple units in multiple territories from one location. Although your location must meet our specifications we do not conform the premises to local ordinances or building codes or obtain permits for you nor do we construct, remodel or decorate the location. You may manage the Franchised Business from your home if it is suitable for the management of the Franchised Business.

Computer Systems

You must obtain, install, and use, at your expense, the computer hardware, software, on-line services, and communications links that we specify and periodically update in the Manuals. We currently do not have any required computer requirements, except that you must own a personal computer with high-speed internet connection to the Internet and must have a dedicated digital business telephone number that is listed in telephone directories that we prescribe. If you do not already own a personal computer, we estimate that it may cost you up to $3,000 to purchase the necessary hardware and software. Neither we nor our affiliates act as vendors or suppliers of any hardware components.

We require you to utilize the customer relationship management software we specify in the operation of your franchised business. You must also use the "cloud hosting" software we require that enables your CRM to communicate with other programs. The current cost for our required CRM software is $75 per month, per user. The cost for "cloud hosting" is $75 per month. You must use our branded emails, the cost for which is currently $12 per month per user. We require you to use the financial management software we specify, the cost for which is currently $15 per month per license. We charge a monthly technology fee of $95 to support our web management and maintenance services. We also require you to use our approved supplier for search engine optimization and digital marketing services at a cost to you of $495 per month. We charge an initial fee of $2500 to set up your CRM, website and digital marketing presence.

You must maintain your computer system at your expense and must replace, upgrade, or update your computer system as we may require periodically. We will establish reasonable deadlines for implementation of any changes to our computer system requirements. We do not require you to enter into any maintenance, updating, upgrading, or support contracts for your computer systems, but we recommend that you do so. The vendor or supplier of the hardware components would typically provide such ongoing maintenance, updating, upgrading, or support services, the cost of which varies by vendor.

We will have independent access to the information that will be generated and stored in your computer systems. We may access all data stored in these systems. There are no contractual limitations on our right to access this information.

Training by Us

You, your Operating Principal (if you are an Entity) must attend and satisfactorily complete our initial training program within 90 days after executing the Franchise Agreement. You may not begin to operate the Franchised Business until you, your Operating Principal (if you are an Entity) and your designated employees have satisfactorily completed our initial training program. You and your Operating Principal (if any) are entitled to attend our initial training without charge, but we may charge a fee for additional attendees. The enrollment of additional attendees is dependent on whether space is available in a given training session. You are responsible for any travel expenses, living expenses, wages, and other expenses incurred by your trainees. Training may occur in our offices, at your location, or at such other location as we may designate.

The initial training program consists of approximately 5 days of classroom and field training at our Atlanta location, followed by 3 days of observation and additional instruction at the location of your Franchised Business. We will provide the initial training program at a location that we designate as soon as practicable after you sign your Franchise Agreement. We do not provide training on a set schedule; it is

offered as soon as possible based on the schedule of our trainers and your schedule. You and your Operating Principal, if any, must complete training to our satisfaction in our sole discretion. If you or your Operating Principal fail to complete training to our satisfaction, we may terminate the Franchise Agreement and retain all amounts you have paid to us and our affiliates.

Our initial training program is described in the following chart:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History/Philosophy of GGF	1	0	Our office
Use of the Manual	1	0	Our office
Services Provided to GGF Franchisees	1	0	Our office
Pre-Opening Procedures	2	0	Our office
Human Resources	2	5	Our office/your location
Marketing	2	0	Our office
Sales Procedures	2	10	Our office/your location
Management Procedures	2	10	Our office/your location
Operating Procedures	4	10	Our office/your location
Installation Procedures	4	20	Our office/your location
TOTALS	**21**	**55**	Our office/your location

The hours listed in the table above are subject to change depending on your background and progress during training.

We use the Operations Manual, PowerPoint presentations, Vimeo video, and hands on demonstrations as instructional materials in our training programs. Jimmy McGhee and Jimmy Sanders are the primary instructors for our initial training program. Mr. McGhee has more than 25 years of experience as a contractor, with specific experience in product selection, product installation, general construction and sales. Mr. McGhee currently leads our technical support and has worked with us since 2021. Mr. Sanders has more than 25 years of experience as a floor installer. He has served as the general manager of our affiliate corporate location since 2021.

You must ensure that subsequent staff that you employ to operate your Franchised Business or perform services are trained according to our standards as specified in the Manuals.

Additional Training. We currently charge $500 per day to train persons who are repeating the initial training program or to train a replacement for someone who did not pass the initial training program and for initial training for subsequent Operating Principals or employees who attend the initial training program. You are also responsible for the travel and food expenses incurred by our trainer.

We may periodically conduct advanced training programs for you, your Operating Principal, and/or your employees at our office or another location that we designate, and we may require that you attend these programs. There will be no charge for training programs that we require you or your employees to attend, but we will charge you $500/day plus expenses for optional training programs. We may provide additional training in person, GGF Shared Drive i.e. Dropbox or other company specific online portals, via teleconference, via the Internet, or by any other means, as we determine. During all training, you are responsible for any travel expenses, living expenses, wages, and other expenses incurred by your trainees.

ITEM 12
TERRITORY

At the time you sign your Franchise Agreement we will specify a "Territory", in which you will operate your Franchised Business. Typically, a Territory will be a geographic area that may be described, for example, by any or all of the following: a radius from your location or a location on a map, zip codes, a county or several counties or possibly an entire metropolitan area. The Territory will include a minimum population of 250,000 households.

We cannot change or otherwise modify your Territory during the term of your Franchise Agreement although if you fail to pay the Minimum Monthly Royalties as outlined in Item 6 of this Disclosure Document we can terminate your Franchise Agreement.

Your location for your Franchised Business, which may be your home, subject to applicable law, must be located in your Territory, or if you have multiple units with multiple adjacent territories, within one of those territories. You must provide us with written notice if you wish to change the address of your location. If you choose to relocate your Franchised Business, the new location must meet our then-current requirements for locations including that it is located in your Territory and that it is fitted and constructed in accordance with our specifications.

We will not operate a Granite Garage Floors business, or grant franchises for the operation of a Granite Garage Floors Franchised Business, that is physically located in the Territory. Except as described in the prior sentence, we and our affiliates may engage in any business activities, under any name or mark, in any geographic area, and at any location, regardless of the proximity to or effect on your Territory or Franchised Business. For example, we have the right: (i) to establish franchises and/or company-owned businesses in the Territory providing identical or similar and Services under names and marks other than the Marks; (ii) to advertise or authorize others to advertise anywhere, using the Marks; (iii) to establish or license businesses under the Marks, at any location outside of your Territory; (iv) to sell or license others to sell Services through alternative distribution channels, including e-commerce, using the Marks or otherwise, whether in the Territory or outside of it; (v) to acquire, be acquired by, or merge with other companies regardless of if the acquirer is selling the same or similar services to the Services in the Territory or otherwise; and (vi) if you do not respond to a potential customer lead we provide you by the end of the next business day after the lead is received by you, we may contact the potential customer for Services or refer the potential customer to another franchisee and we or that franchisee may perform the Services in your Territory for that customer.

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.

As discussed above, we have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales with your Territory under the Marks or under different trademarks. We will not pay you any compensation for soliciting or making sales to customers located inside your Territory. You do not have the right to open additional Franchised Businesses nor do you have any rights of first refusal to acquire additional franchises.

Without our prior consent, you may not solicit or accept orders from customers outside of your Territory nor do you have the right to use any other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing to make sales outside of your Territory. If we consent to you making sales outside of your Territory, you must immediately cease doing so if we subsequently withdraw our consent. If we permit you to operate in an unassigned territory, when we grant a Granite Garage Floors franchise for the unassigned territory to another party, you must immediately cease soliciting customers in the formerly unassigned territory, but you may continue servicing existing customers in the territory with respect to existing sales orders or contracts. You must provide us with all customer information that you acquire relating to the formerly unassigned territory, which we shall in turn provide to the new franchisee.

Neither we nor any affiliate operates, franchises, or has plans to operate or franchise a business under a trademark different from Granite Garage Floors that will sell goods or services similar to those you will offer.

ITEM 13
TRADEMARKS

The principal trademarks that you will use as our franchisee is the Granite Garage Floors name and logo. We may also authorize you to use other marks periodically. You may only use in your Franchised Business the Marks we designate, and only in compliance with written rules that we prescribe periodically.

All of the Marks are owned by our affiliate, GGFL and licensed to us under the IP License Agreement (see Item 1). The IP License Agreement has a 50-year term and may be terminated unilaterally by either party only upon a material breach of the IP License Agreement. Upon termination or expiration of the IP License Agreement, we must immediately discontinue the use of the Marks and assign to GGFL or its assignee all of our franchise agreements licensing the use of the Marks, and GGFL or its assignee has agreed to assume all obligations under our franchise agreements arising from and after their assignment.

GGFL owns the following marks, which are registered on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

Mark	Registration No.	Registration Date
GRANITE GARAGE FLOORS	5,428,416	March 20, 2018

Mark	Registration No.	Registration Date
	5,428,417	March 20, 2018
DOES YOUR GARAGE FLOOR NEED A MAKEOVER?	5,661,298	January 22, 2019
LOOKS AND LASTS LIKE GRANITE!	5,661,303	January 22, 2019

If our right to use any Mark is challenged, we may require you to change to an alternative mark, which may increase your expenses. GGFL will file all required affidavits with the USPTO.

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Marks. We know of no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. GGFL has filed all required affidavits or will do so at all appropriate times. Except for the IP License Agreement, there are no agreements currently in effect which significantly limit our right to use the Marks. We are aware of no superior rights or infringing uses that could materially affect the use of the Marks in any state.

You must notify us promptly of any unauthorized use of the Marks of which you have knowledge or of any challenge to the validity of our or GGFL's ownership of or our right to license others to use any of the Marks. We or GGFL will take the action, if any, we believe to be appropriate. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Marks, including, but not limited to, any settlement. We and GGFL will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You must execute all documents and render any other assistance we or GGFL may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Mark. If we determine that you have used the Marks in accordance with the Franchise Agreement, we will reimburse you for the cost of defense and the cost of any judgment or settlement. In the event of any litigation relating to your use of the Marks, you must take the actions we may, require to carry out such defense or prosecution. Except to the extent that such litigation is the result of your use of the Mark in a manner inconsistent with the terms of the Franchise Agreement or the Manuals, we agree to reimburse you for your out-of-pocket costs in doing such acts.

We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Marks and to adopt new trademarks for use with the System. You must implement any of these changes at your own expense within the time we reasonably specify.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We own no rights in, or licenses to, any patents or patent applications that are material to the franchise.

Except as provided below, we own no rights in, or licenses to, any copyrights that are material to the franchise. We and our affiliates have not registered any copyrights with the United States Copyright Office. However, we and/or our affiliates claim copyrights with respect to our advertising materials, marketing materials, training materials, signs, website, Manuals, software (if we create it in the future), as well as other materials we, our affiliates, or our franchisees may periodically develop. To the extent that our affiliate claims any copyrights, they have licensed the right to use the copyrights that they own to us in the License Agreement for a period of 50 years. The IP License Agreement may be terminated unilaterally by either party only upon a material breach of the IP License Agreement. Upon termination of the IP License Agreement, we must immediately discontinue the use of the Marks and all copyrighted material subject to the IP License Agreement and assign to our affiliate all of our franchise agreements licensing the use of the Marks, and our affiliate has agreed to assume all obligations under our franchise agreements arising from and after their assignment. There are no determinations of the United States Copyright Office or any court regarding any of our copyrights. Except for the IP License Agreement, there are no agreements limiting the use of any of our copyrights.

Any copyrights used by you in your Franchised Business belong solely to us or our affiliate. You must notify us promptly of any unauthorized use of our copyrights of which you have knowledge or of any challenge to the validity of our or our affiliate's ownership of or our right to license others to use any of our copyrights. We or our affiliate will take the action we believe to be appropriate. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to our copyrights, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You must execute all documents and render any other assistance we or our affiliate may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the copyrights. If we request, you must discontinue the use of the subject matter covered by any copyright used in connection with the Franchised Business.

During the term of your Franchise Agreement, we may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information (collectively, "Proprietary Information") relating to the System, our business, or the management, operation, or promotion of the Franchised Businesses. You may not, nor may you permit any person to, use or disclose any Proprietary Information (including without limitation all or any portion of the Manuals) to any other person, except to the extent necessary for your professional advisors and employees to perform their functions in the operation of the Franchised Business. You must take reasonable precautions to protect the Proprietary Information from unauthorized use or disclosure and must implement any systems, procedures, or training programs that we require.

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

If you are an Entity, you may appoint an individual owner as your Operating Principal. Any individual with any equity interest in your Entity may be eligible to become your Operating Principal. The Operating Principal must complete our initial training program, must have authority over all business decisions related to your Franchised Business, and must have the power to bind you in all dealings with us. You may not change the Operating Principal without our prior approval. You or your Operating Principal must at all times be supervising the operation of your Franchised Business.

Each individual with a direct or indirect ownership interest in your Entity, including a franchisee's spouse, must sign the Payment and Performance Guarantee (the "Guarantee") attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement as if they were the franchisee in the agreement, including the confidentiality and noncompete provisions.

ITEM 16
RESTRICTIONS ON WHAT YOU MAY SELL

In your Franchised Business, you may offer to provide only the Services we have approved in writing. We may change the authorized Services, without limitation, and we may designate specific Services as optional or mandatory. You must offer all Services that we designate as mandatory. If we authorize another franchisee to offer a certain type of service, we are not obligated to authorize you to offer such Service.

Except as described below, you may only offer and perform Services for customers located in your Territory. You may not directly solicit or provide Services to a customer located outside of your Territory without our prior written consent. "Solicitation" includes solicitation in person, by telephone, by mail, by email, and by distribution of brochures, business cards, or other materials. If we consent to you making sales outside of your Territory, you must immediately cease doing so if we withdraw our consent. If we permit you to operate in an unassigned territory, when we grant a Granite Garage Floors franchise for the unassigned territory to another party, you must immediately cease soliciting customers in the formerly unassigned territory, however you may continue servicing your current existing customers in the territory with respect to existing sales orders or contracts.

We impose no restriction on customers within your Territory that you may serve at your Franchised Business. However, you may not sell or offer to sell Services through any wholesale, e-commerce, or other alternative channel of distribution besides the retail operation of your Franchised Business.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise license term	Section 2.1	10 years from the Effective Date of your Franchise Agreement.
b. Renewal or extension of the term	Section 2.2	If you meet the conditions, you may renew your franchise for an additional term of 10 years.
c. Requirements for you to renew or extend	Section 2.2	You have notified us of your intent to renew at least 6 months in advance; you have signed our then-current form of franchise agreement, which may have materially different terms and conditions than your original Franchise Agreement; you have refurbished and upgraded your Office, Warehouse and vehicles to our then-current specifications; you have executed a general release in favor of us and our affiliates; you have satisfied all monetary obligations owed by you to us, our affiliates and your suppliers; you, your Operating Principal, and designated employees have completed our then-current training requirements; you have substantially complied with the Franchise Agreement during the term; no Event of Default (as defined in the Franchise Agreement) or event which, with the giving of notice or passage of time or both, would become an Event of Default, exists; you have not received 3 or more Event of Default notices during the term of your Franchise Agreement; and you have paid us renewal fee of $1,500.
d. Termination by you	None	Not applicable.
e. Termination by us without cause	None	Not applicable.
f. Termination by us with cause	Section 6.1	We can terminate only if you default (see (g) and (h) below).

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	Section 6.1	You have (A) 10 days after written notice to cure the non-payment of any amounts owed to us or our affiliates or your failure to make sufficient funds available to us; (B) 24 hours to cure non-compliance with any law, regulation or ordinance which results in a threat to the public's health or safety; (C) the cure period allowed by any supplier to pay such supplier all non-contested obligations; and (D) 20 days to cure a failure to comply with any other provision of the Franchise Agreement not described above or in (h) below.
h. "Cause" defined non-curable defaults	Section 6.1	You make a material misrepresentation to us; you fail to permit us to inspect or audit your books and records; you fail to timely file reports 3 times in 12 months; you, your Operating Principal, or your designated employees fail to satisfactorily complete our initial training program; you fail to begin operating your Franchised Business by the date we require; you suspend operations of your Franchised Business for more than 5 days without our consent unless we determine, that the failure was beyond your control; you misuse the Marks; non-permitted disclosure of Proprietary Information by you or your disclosee; you become insolvent or bankrupt; you or any of your owners or officers or directors is convicted of a crime involving moral turpitude or consumer fraud or any other crime or offense which impairs the goodwill associated with the Marks; you or any of your Owners violates the transfer provisions of the Franchise Agreement; you or any of your owners violates the noncompete covenants of the Franchise Agreement; you default under any other agreement, including any other franchise agreement, with us or our affiliates if the default would permit the termination of that agreement; failure to transfer interest in Franchise Agreement within 180 days after the date of death or appointment of a personal representative or trustee; breach or Franchise Agreement 3 or more times in any 18-month period, regardless of if breaches have been cured.

Provision	Section in Franchise Agreement	Summary
i. Your obligations on termination/ non-renewal	Section 7	Pay all amounts due to us and our affiliates; discontinue use of the Marks, copyrights, and the System; return Proprietary Information, personal data, and Manuals; refrain from disclosing Proprietary Information; cancel assumed name registration; transfer telephone number; post office boxes, and directory listings; provide us with an opportunity to purchase certain goods and to assume your lease; complete de-identification of Franchised Business; promote a separate identity; and comply with noncompete covenants.
j. Assignment of contract by us	Section 4.12	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 5.27(a)	Includes transfer of any interest in the Franchise Agreement, the license to use the System and the Marks, the Franchised Business or substantially all of the assets of the Franchised Business, or any interest in the ownership of you (if you are an Entity).
l. Our approval of transfer by you	Section 5.27(b)	We have the right to approve all transfers, but will not unreasonably withhold our approval.
m. Conditions for our approval of transfer	Section 5.27(c)	All of your monetary obligations are satisfied; you are not in breach; you and your Owners sign a general release; you agree to noncompetition provisions and obligations relating to confidentiality; you remain liable for obligations incurred or arising prior to the transfer; you pay us the Transfer Fee; new franchisee agrees to discharge all of your obligations; new franchisee qualifies, meets training requirements and signs then-current franchise agreement; new franchisee upgrades the Franchised Businesses to our then-current specifications; new franchisee covenants to continue to operate under the Marks and the System; new franchisee's owners execute our then-current form of personal guarantee; sale must include all material assets of the Franchised Business.
n. Our right of first refusal to acquire franchisee's business	Section 5.27(g)	We can match any offer for your Franchised Business, the Franchised Business' assets, or any ownership interest, except for certain transfers to spouses, children, or existing owners.

Provision	Section in Franchise Agreement	Summary
o. Our option to purchase your business	Sections 7.5 and 7.6	After the Franchise Agreement terminates or expires, we can purchase any or all of the assets of the Franchised Business for the fair market value of the assets, less any amounts then owing to us. We also have the right to assume your lease for the location of your Franchised Business.
p. Death or disability of you	Section 5.27(f)	Executor or representative must apply for our consent to transfer your interest to a third party and must complete the transfer within 180 days.
q. Non-competition covenants during the term	Section 5.27(a)	No involvement in any business that offers products or services relating to the sale or installation of epoxy or other garage floor coatings at any location by any means including, sales via the Internet or catalogs ("Competitive Business"), or that grants franchises or licenses for a Competitive Business; no diverting customers or potential customers to any Competitive Business; no acts injurious to our goodwill.
r. Non-competition covenants after the Franchise Agreement is terminated or expires	Section 5.27(b)	For 2 years after the expiration or termination of your Franchise Agreement, you may not be involved in any Competitive Business within your Territory, including one operated from any location out of which you operated, or a 50 mile radius of your Territory, or any business or other venture that is located at or within any of the above that is granting franchises or licenses for Competitive Business wherever located, or that is located outside of this area but is granting franchises or license for Competitive Businesses to be located in this area; no diverting customers or potential customers to any Competitive Business.
s. Modification of the agreement	Section 9.2	Except for modifications to the Manuals, no modifications unless agreed to in writing by both parties.
t. Integration/ merger clause	Section 9.1	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	Section 8.2	Except for certain claims, all disputes must first be submitted to mediation in Georgia. If the mediation is unsuccessful, the dispute must be arbitrated at the office of the American Arbitration Association closest to our principal executive office. (Subject to applicable state law)

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Section 8.1	Litigation must be brought in the state court in which our principal place of business is located at the time such proceeding is filed or in the federal district court for the district in which our principal place of business is located at the time such proceeding is filed. (Subject to applicable state law)
w. Choice of law	Section 8.3	Georgia law applies. (Subject to applicable state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchises at this time.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The chart immediately below reflects actual annual Gross Revenue and number of jobs for the period from January 1, 2022 through December 31, 2022 for the 14 Granite Garage Floors Franchised Businesses that were open and operating during this period. We have excluded one Franchised Business that opened during 2022 as it was not open for the entire 12-month period.

Our current territory offering is a territory with approximately 250,000 households. For franchisees included in the chart below who had territories larger than 250,000 households we have broken their territories into approximately 250,000 households and included below is the number of territories each franchisee would have. "Gross Revenue" for purposes of this Item 19 means all revenues from the sales of goods and services, less refunds and allowances. This is consistent with the definition used in the Franchise Agreement for Gross Sales.

Franchised Business	2022 Gross Revenue	2022 Number of Jobs	# of Territories
Kansas City	$ 1,343,159	299	3
Baltimore	$ 1,520,501	421	4
RDU/RIC	$ 834,672	265	7
Denver	$ 1,612,949	424	4
West Dallas	$ 318,588	87	3
Nashville	$ 817,119	188	2
Omaha	$ 902,078	200	2

Franchised Business	2022 Gross Revenue	2022 Number of Jobs	# of Territories
Fort Lauderdale	$ 487,292	208	3
Charlotte	$ 783,679	227	1
Chesapeake	$ 729,004	211	1
Chattanooga	$ 393,308	105	2
Orlando	$ 541,938	170	1
Panama City/Destin	$ 217,364	49	1
Phoenix-East Valley/Foothills	$ 328,746	119	2

The chart immediately below reflects actual annual Gross Revenue for the period from January 1, 2022 through December 31, 2022 for the Granite Garage Floors business operated by our affiliate The Garage Floor Coating Company, LLC. There are no financial or operational characteristics of this business that are reasonably anticipated to differ materially from the Granite Garage Floors Franchised Businesses offered under this Disclosure Document.

Affiliate Owned Business	2022 Gross Revenue	# of Territories
Atlanta	$3,355,438	5

The dollar amounts shown in the charts above have been rounded to the nearest dollar.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Upon your written request, we will make available to you written substantiation of the data used in preparing this data.

Other than the preceding financial performance representation, Granite Garage Floors Franchising, LLC 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 JoAnne Ryan at 10945 State Bridge Road, Suite 401-171, Alpharetta, GA 30022, (587) 430-1235 ext 205; the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Fiscal Years 2020 to 2022[1]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	10	12	+2
	2021	12	14	+2
	2022	14	14	0
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total	2020	11	13	+2
	2021	13	15	+2
	2022	15	15	0

1. As of December 31 of the applicable year.
2. This outlet is owned by out affiliate.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
For Fiscal Years 2020 to 2022[1]

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

1. As of December 31 of the applicable year.

Table No. 3
Status of Franchised Outlets
For Fiscal Years 2020 to 2022[1]

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
AZ	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	0
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
CO	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
FL	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
KS	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MD	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NE	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NC	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
TN	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
TX	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
VA	2029	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TOTAL	2020	10	2	0	0	0	0	12
	2021	12	2	0	0	0	0	14
	2022	14	0	0	0	0	0	14

1. As of December 31 of the applicable year.

Table No. 4
Status of Company-Owned Outlets
For Fiscal Years 2020 to 2022[1]

State	Year	Company-Owned Outlets at Start of Year	Company-Owned Outlets Opened	Company-Owned Outlets Reacquired from Franchisee	Company-Owned Outlets Closed	Company-Owned Outlets Sold to Franchisee	Company-Owned Outlets at End of the Year
Georgia[2]	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

1. All numbers are as of December 31 of the applicable year.
2. This outlet is owned by our affiliate.

Table No. 5
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
CT	0	1	0
FL	2	2	0
GA	0	1	0
MA	0	3	0
MI	0	2	0
NC	0	1	0
RI	0	1	0
TX	1	1	0
Totals	3	12	0

Current and Former Franchisees. We have attached as Exhibit G a list of the names of all current franchisees (each of which operates a Granite Garage Floors Franchised Business) and the address and telephone number of their Franchised Businesses. No franchisee was terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during our most recently completed fiscal year or has not communicated with us within 10 weeks of this Disclosure Document's issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

Confidentiality Agreements. During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Trademark–Specific Franchisee Organizations. As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with our franchise system.

ITEM 21
FINANCIAL STATEMENTS

Included as Exhibit D are the audited consolidated financial statements of our parent, HS Group Holding Company, LLC, as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021 and for the period from August 13, 2020 (Acquisition Date) through December 31, 2020. Our parent, HS Group Holding Company, LLC guarantees our performance under the Franchise Agreement (see Exhibit D). We have also attached as Exhibit D to this Disclosure Document our audited financial statements as of December 31, 2020.

ITEM 22
CONTRACTS

The following sample contracts are included in this Disclosure Document:

Exhibit A Franchise Agreement, including exhibits

Exhibit C General Release

ITEM 23
RECEIPT

Attached as the last two pages of this Disclosure Document are copies of the Receipt which you must sign. One signed copy of the Receipt must be returned to us, as provided on the Receipt.

EXHIBIT A

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT between GRANITE GARAGE FLOORS FRANCHISING, LLC

and

_____

DATE: _____

GGF # - _____

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Appendix A

STATE ADDENDA TO THE FRANCHISE AGREEMENT

GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is entered into with an Effective Date as stated in Section 2.1. The Agreement is between GRANITE GARAGE FLOORS FRANCHISING, LLC ("GGF"), a Georgia limited liability company, and _____, an individual or a corporation/limited liability company established in the State of _____ with a primary residence or principal place of business at _____ (hereinafter "you" or "your") and, if Franchisee is a partnership or other business entity, "you" or "your" includes the individual partners, shareholders, or members of such entity ("Franchisee"). In this Agreement, "we", "us", and "our" refer to GGF.

RECITALS

GGF and its affiliates have gained knowledge and experience in the sale, installation, servicing and refurbishment of concrete garage floors with an epoxy coating system ("Services"). Additionally, we have also developed and will continue to develop a business format, as well as a set of terms and operating procedures (the "System"). The distinguishing characteristics of the System include our finishes, color schemes, signage, and other identification schemes (the "Trade Dress"). Additionally, these characteristics include our training programs, operating procedures, customer service standards, and marketing techniques. And finally, these characteristics also include any proprietary software and all of the policies, procedures, standards, and terms in our operations manuals ("Manuals"). We may change, improve, and further develop the elements of the System periodically.

We identify the businesses operating under the System by means of the Granite Garage Floors mark and certain other trademarks, service marks, trade names, signs, logos, associated designs, artwork, and other indicia of origin (collectively, the "Marks"). We may designate other trade names, service marks, and trademarks as Marks. Businesses operating under the System and the Marks are referred to as "GGF Businesses."

If you are a corporation, limited liability company, partnership, or other entity (collectively, an "Entity"), all of your owners of a legal and/or beneficial interest in the Entity (the "Owners") have been disclosed to GGF. If you are an Entity, you must appoint an individual owner, called the "Operating Principal," to have authority over all business decisions and to have the power to bind you in all dealings with us.

You wish to open and operate a franchised GGF Business (the "Franchised Business") and to have the right to use the Marks and the System in the territory described in Exhibit A (the "Territory"). We are willing to grant to you a license to open and operate the Franchised Business on the terms and conditions of this Agreement.

In consideration of the above and the agreements contained here, the parties agree to the following:

1. DEVELOPMENT RIGHTS AND OBLIGATIONS

1.1 Grant of License. Upon the terms and conditions of this Agreement, we grant to you a non-exclusive license (the "License") to operate one Franchised Business in your Territory. Your License gives you the right to operate the Franchised Business from one location we approve, and to solicit for sale, sell and perform Services within your Territory and such other area as we my approve. Your License gives you the right to use the Marks and the System only in connection with the Franchised Business.

Except as otherwise stated in Section 1.4, you have no right to use the Marks or the System at any location outside of your Territory or in any wholesale, e-commerce, or other channel of distribution besides the sale of Services in your Territory.

The Territory is stated on Exhibit A.

1.2 Acceptance of License. You hereby accept the License and agree to operate the Franchised Business according to the terms of this Agreement for the entire Term, as here defined.

1.3 Limited Territorial Protection. Except as stated in this Section l.3, we will not operate a GGF Business that is physically located in your Territory or license anyone other than you to operate a GGF Business that

is physically located in your Territory while this Agreement is in effect. Except as specifically stated in the first sentence of this Section 1.3, we and our affiliates may engage in any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Territory or Franchised Business. For example, we have the right: (i) to establish franchises and/or company-owned businesses in the Territory providing identical or similar services to the Services under names and marks other than the Marks; (ii) to advertise or authorize others to advertise anywhere, using the Marks; (iii) to establish or license GGF Businesses under the Marks, at any location outside of your Territory; (iv) to sell or license others to sell Services through alternative distribution channels, including e-commerce, using the Marks or otherwise whether in or outside the Territory; and (v) to acquire, be acquired by, or merge with other companies, regardless of if the acquirer is selling the same or similar services to the Services in the Territory or otherwise; and (vi) if you do not respond to a potential customer lead we provide you by the end of the next business day after the lead is received by you, we may contact the potential customer for Services or refer the potential customer to another franchisee and we or that franchisee may perform the Services in your Territory for that customer.

1.4 Services Outside of Your Territory. You may not directly solicit including targeted text messaging or social media campaigns, or provide Services to a customer located outside of your Territory without our prior written consent, which consent may be arbitrarily withheld. “Solicitation” includes, but is not limited to, solicitation in person, by telephone, by mail, by email, and by distribution of brochures, business cards, or other materials. If we consent to you making sales outside of your Territory, you must immediately stop doing so if we withdraw our consent at a later time. If we permit you to operate in an unassigned territory, when we grant a Granite Garage Floors franchise for the unassigned territory to another party, you must immediately stop soliciting customers in the formerly unassigned territory, but you may continue servicing existing customers in the territory with respect to existing sales orders or contracts.

2. TERM AND RENEWAL

2.1 Initial Term. This Agreement shall take effect upon its execution by an authorized representative of GGF (the "Effective Date") and, unless terminated under another provision of this Agreement, shall continue in effect for a term of ten (10) years (the "Term"). If this Agreement is signed as part of the renewal of the Franchise, then the Effective Date shall be the first day after the expiration of the Term of the prior franchise agreement, or the date upon which all parties hereto have signed this Agreement, whichever is later. The term of this Agreement (the “Term”) begins on the Effective Date and ends ten (10) years from that date. The Term may end sooner if this Agreement is ended under another section of this Agreement.

2.2 Renewal Term. You may be eligible, to renew the rights established under this Agreement for an additional term of 10 years if you meet the conditions set forth in this Section 2.2. We have the absolute right to refuse to renew or extend the Initial Term if you have, during the Initial Term, received three (3) or more notices of default, whether or not you have subsequently cured such default. If you continue to operate after the end of the Term without exercising an option to renew, you shall be deemed to be operating on a month-to-month basis under the terms and conditions of this Agreement. In such circumstances, and notwithstanding the foregoing, we may on 10 days written notice, terminate this Agreement and your right to operate the Franchised Business. You must do the following to renew the franchise:

(a) give us written notice of your wish to renew at least six months before the expiration of the Term;

(b) deliver to us a completed franchise agreement on our then-current form of franchise agreement. You acknowledge that the current form may have terms significantly different than those in this Agreement, including, but not limited to, higher rates of fees and other charges, but you will not have to pay another initial Franchise Fee (as defined in Section 3.1);

(c) not later than the expiration date of the Term, update your operations and refurbish and upgrade your Office, Warehouse, Equipment, and vehicles, at your expense, to conform to the Trade Dress and presentation of the Marks to GGF's then-current image and, if necessary, in our sole opinion, to update and replace the furniture and fixtures in your Office and Warehouse to meet our then-current specifications;

(d) execute a general release, in a form we prescribe, of any and all claims against us, our affiliates, and our past, present, and future officers, directors, managers, members, shareholders, and employees based upon, arising out of, or in any way relating to your Franchised Business;

(e) complete all training we may require;

(f) pay to us or our affiliates or supplier all monetary obligations owed by you to us or our affiliates or suppliers;

(g) substantially and timely comply with each provision of this Agreement or any other agreement with us or our affiliates throughout the Term and have no uncured Event of Default (as defined in Section 6) or event which with the giving of notice and/or passage of time would be an Event of Default, and have not received three (3) or more notices of an Event of Default during the Term, regardless of whether you cured the Event of Default(s); and

(h) pay us the Renewal Fee (as defined in Section 3.4 (Renewal Fee)).

3. FEES

3.1 Franchise Fee. You must pay us in a lump sum a nonrefundable initial franchise fee of Sixty Thousand Dollars ($60,000) (the "Initial Franchise Fee"). The Initial Franchise Fee is due in full upon execution of this Agreement unless you are financing a portion of the Initial Franchise Fee, in which case you must execute the Promissory Note attached as Exhibit B to this Agreement when you sign this Agreement. The Initial Franchise Fee is for the rights granted under this Agreement. The Initial Franchise Fee will be considered fully earned at the time you sign this Agreement.

3.2 Royalty Fee.

(a) Amount of Royalty Fee. Starting in the month you begin operating the Franchised Business, You must pay us a monthly royalty fee (the "Royalty Fee"). The Royalty Fee is equal to six and one-half percent (6.5%) of your Gross Sales (as defined in Section 3.2(c)) for the previous month.

(b) Minimum Royalty Payment. Starting in the fourth month after you begin operating the Franchised Business, the required monthly Royalty Fee will be the amount calculated under Section 3.2 (a) for the previous month or the minimum royalty payment (the "Minimum Royalty Payment") set forth below, whichever is greater. You are considered to "begin operating" in the month after we give you written permission to begin selling or offering Services. If the total Royalty Fee paid for any month is less than the Minimum Royalty Payment for that month, the difference must be paid to us. You must provide us with monthly Gross Sales reports, due monthly by the 15th day of the following month, and reconcile any amounts paid and what is due within five (5) business days of our notification to you to do so.

The Minimum Royalty Payment each month is as follows:

Month*	Minimum Royalty Payment
4 to 12	$500
13 to 24	$1,000
25 to 36	$1,500
37 to 48	$2,000
49 and beyond	$2,500

* Months are measured from the Effective Date of this Agreement.

(c) Definition of Gross Sales. "Gross Sales" means all revenue, cash or credit (regardless of collection), from the sale of all services, products and any income related to your business activities under this Agreement, "Gross Sales" does not include any sales taxes or other taxes that you collect from customers and pay directly to the appropriate taxing authority. “Gross Sales” also does not include any rebates or promotional allowances paid to you in connection with your purchase of equipment or supplies, or any documented customer adjustments and refunds.

The Royalty Fee is paid for the ongoing right to use the Marks and the System, and not in exchange for services made by us.

3.3 Brand Fund Fee. You must pay us a monthly “Brand Fund Fee” equal to two percent (2%) of Gross Sales.

3.4 Renewal Fee. If you exercise your right to renew under Section 2.2, you must pay us a renewal fee of One Thousand Five Hundred Dollars ($1,500) (the "Renewal Fee").

3.5 Transfer Fee. If you Transfer (as defined in Section 5.27(a) (Definition of Transfer) your Franchised Business or this Agreement, you must pay us a Transfer Fee as defined in Section 5.27(c)(vi).

3.6 CRM/Web Hosting/Email/SEO/SEM/Content Management/Back-office Software System Fees. We require you to use the CRM and cloud hosting services that we designate, from our preferred suppliers. You must pay us an email hosting fee, which is currently Twelve Dollars ($12) per month per user license. You must pay us a “Technology Fee” of Ninety Five Dollars ($95) per month to support web management and maintenance services we provide. You must use the digital marketing and SEO management vendor that we designate. You must use the financial management software we designate; the current fee for our required financial management software is $15 per month per user license. You must pay us a $2,500 "Technology Package Fee” which covers the initial configuration of the required CRM software, website set-up, and establishing your local online listings. The Technology Package Fee is due upon signing of this Agreement. All individual technology service fees are subject to adjustment, not more than once per calendar year, upon 30 days written notice to you.

3.7 Operating Fee Due Dates. On the fifth day of each month, you must pay to us all Royalty Fees, Brand Fund Fees, and all fees set forth in Section 3.6 other than the Technology Package Fee (collectively, "Operating Fees") on (with respect to Royalty Fees and Brand Fund Fees) Gross Sales received during the previous month (the "Payment Date"). All Operating Fees must be paid in full. If we accept any payment from you that is less than the full amount due, we have the right to recover the remaining balance due and to pursue any other remedy against you. For all other fees, the Payment Date will be the date stated in the demand. We reserve the right to change the payment schedule for payment of Operating Fees and Minimum Royalty Payments. The Operating Fees will never be due more than once a week.

3.8 Method of Payment. You must use the payment method or methods that we select for all payments. We currently require electronic funds transfer, so you must choose an account at a commercial bank (the "Account") and give the bank all authorizations needed for us to transfer funds from the Account. You must sign and deliver to us an irrevocable EFT Authorization attached hereto as Exhibit C to enable our financial institution to debit your primary bank account at your bank in order to pay us the Royalty Fee, Brand Fund Fee, and all other amounts which you may owe us under this Agreement or any other agreement between you and us or that you may owe to any of our affiliates. All costs and expenses, including any resulting from the dishonor by your bank of any electronic funds transfer, shall be your sole responsibility. This authorization is irrevocable and shall remain in effect until thirty (30) days after the termination or expiration of this Agreement. On each Payment Date, we will transfer the amount due from you. You agree to maintain enough funds in the Account to cover all amounts payable to us. If funds in the Account are not enough to cover the amounts payable at the time we start the funds transfer, the amount of the loss will be considered overdue. You agree to pay us, on demand, the overdue amount plus interest, any related bank fees. These remedies are in addition to any other remedies we may have under this Agreement or the law. If you fail to timely report your Gross Sales, we may estimate the amount of fees due and make a withdrawal from your bank account based on our estimate, plus 10% of our estimate. If we underestimate any fees due, you will be required to pay the total amount of fees due. If we overestimate any fees due, we will credit the fees paid against fees due in the next payment period after we receive accurate records regarding your Gross Sales. Our right to effect payment by electronic funds transfer does not impair or reduce your duty to make payment when due.

3.9 Interest on Overdue Payments. If any payment or amount owed is not received in full by the date such amount is due, you agree to pay us, upon demand, interest on the amount owed, calculated from the due date, at the rate of 12% per annum (or the maximum rate permitted by law, if less than 12%) on the remaining amount owed periodically.

3.10 Taxes and Fees. You are responsible for all taxes, assessments, and government charges imposed on you for any business activities under this Agreement. All payments by you to us under this Agreement will be made without set-off or deduction, except for taxes or fees required be deducting or withholding by taxing authorities. If you fail to deduct or withhold these taxes or fees, unless requested or instructed by us not to, you will indemnify us for the full amount of the taxes or fees and for any loss (including penalties, interest, and expenses) caused by your failure to deduct or withhold taxes or fees. Also as part of the Operating Fees, you will pay any taxes imposed on us or our affiliates by federal, state, or local taxing authorities for our acceptance of any Operating Fees. This does not include any taxes measured on our income.

4. OUR OBLIGATIONS

4.1 Manuals. We will provide you with electronic access to our confidential operations manual(s) (the "Manuals"). We may from time to time provide updates to the Manuals. It is our sole decision to provide these updates by letter, electronic mail, bulletin, videotapes, audio tapes, software or any other communication you agreed to.

4.2 Training.

(a) Initial Training of Your Personnel. We will provide initial training to you and up to one other person ("Initial Training"). Your Initial Training will cover the use of the System, sales and marketing, the management and operation of your Franchised Business. We will provide Initial Training at a place we designate and at your location, as well as by telephone and Webex or Internet. We will hold Initial Training at a time that we choose. We may not provide additional training to you for any additional franchise units you purchase after the first unit. You are responsible for all travel and meal expenses you and your personnel incur.

(b) Additional Training. We may decide to conduct additional training for you, your Operating Principal, or your employees, at a time and place of our choosing. We may provide this additional training in person, via shared drives such as Dropbox or other company specific online portals, via teleconference, via the Internet, or by any other means.

4.3 Opening Assistance. We will advise you about initial orders of Equipment and other supplies. We will advise you about the establishment of business relationships with approved suppliers.

4.4 Additional Assistance. We will provide you with ongoing technical, managerial, and administrative advice. We will also provide guidance by telephone, email, and other forms of communication that you periodically reasonably request. We may decide to provide you with on-site extended assistance upon your specific request. The extended assistance is for on-site advice or training. You are required to pay for the travel and living expenses of these members if the travel is beyond our routine field visits. You must also pay a consulting fee ("Consulting Fee") of $500 per day for each person that is payable within 15 days of the services. We will have the right to increase the amount of the Consulting Fee once within any 12-month period.

4.5 Inspections. We may periodically inspect the operation of your Franchised Business and advise you of its results. We may provide you with a written action plan that you must carry out after each inspection. If we decide that your Franchised Business operations do not meet the System's standards, we may require you to have additional on-site advice and training from our staff to fix any problems. If this is required then, you must pay us within 15 days of the services. The service charge for each employee includes their travel and living expenses and a $300 consulting fee for each employee for each day or partial day services are provided.

4.6 Equipment, Supplies, and Services. We or our affiliates may sell to you certain equipment, vehicles, supplies or other items. We and our affiliates can profit from these sales If we or our affiliates receive any rebates, commissions, or other payments from your purchases from a third party supplier can keep these funds.

4.7 Review of Proposed Equipment, Supplies, or Suppliers. We will review your requests for approval of supplies, equipment, vehicles, services, or suppliers within 60 days of receiving all of the requested information. If you do not receive our approval within 60 days, our failure to respond will be considered a rejection of the request.

4.8 Marketing Programs.

(a) As set forth in Section 3.3 above, you must pay us a "Brand Fund Fee" equal to two percent (2%) of your Gross Sales payable for the applicable month. Brand Fund Fees will be maintained in a Brand Fund. The Brand Fund Fee with respect to each month is payable at the same time as the Royalty Fee. The Brand Fund Fee is non-refundable.

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

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

(d) Fund Management. In no event will we be deemed a fiduciary to any Brand Fund Fees we receive or administer. If any monies in the Fund remain at the end of a fiscal year, they will carry over in the Fund into the next fiscal year.

(e) Our Marketing Materials. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising, or promotional programs in such form and media as we determine. We may make marketing materials available for you to purchase.

(f) Approval of Advertising Programs. We shall review and approve or disapprove any advertising or promotional programs or materials that you develop, including your initial launch advertising.

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

4.10 Website. We will maintain and manage a website for the Granite Garage Floors System. You may not have a website of your own, although we may provide you a local "landing page" or similar pages for your franchised location.

4.11 Leads. We will refer to you any reservations or prospective customers that we receive through the website, telephone calls, or other methods of communication for a potential customer in your Territory. If you do not respond to the referral of a potential customer by the end of the next business day we may (i) contact or service the potential customer in your Territory or (ii) arrange for another franchisee to service the potential customer in your Territory.

4.12 Assignment by Us. We may assign this Agreement and all of our rights, duties and obligations to any person, group, or Entity that we choose. Upon an assignment, we will be released from all of our duties and obligations. You will look only to our assignee for the performance of these duties and obligations. For purposes of this Section 4.12, the term "assignment" will include, but is not limited to, (i) a merger or consolidation by us or any of our affiliates into or with any other person or Entity, (ii) the merger of consolidation of any person or Entity into us or any of our affiliates, (iii) a sale of substantially all or any of our or our affiliates' assets, or (iv) any other transaction that results in a change in control of our Entity.

5. YOUR OBLIGATIONS AND OPERATING STANDARDS

You covenant and agree as follows:

5.1 Development of Your Area of Primary Responsibility.

(a) Development. You will use your best efforts to actively promote and extend the Granite Garage Floors concept in the Territory.

(b) Opening Deadline. You may not begin performing Services until you have received our written approval. Our approval will not be unreasonably withheld. You must begin performing Services within 120 days after the Effective Date (the "Opening Deadline"). We can terminate this Agreement and retain all amounts you have paid us and our affiliates if you fail to begin performing Services within this time period.

5.2 Services You Must Offer. You may offer only the Services that we have approved in writing. We may change the authorized Services, and we may label specific Services as optional or mandatory. You must offer for sale all Services that we label as mandatory. If we authorize another franchisee to sell a specific type of service, we are not required to authorize you to sell the same service.

5.3 Vehicles. You may either purchase or lease vehicles necessary to operate your Franchised Business. All of your vehicles must meet our specifications. We currently require a wrap on your vehicles. You must purchase the wrap for the vehicles from us or an authorized vendor. The wrap must be placed on the vehicles in such a manner and at such locations that meet our specifications. The interior of all vehicles will be outfitted in accordance with our standards and specifications.

5.4 Vehicle Maintenance and Upgrades. You are responsible for maintaining and repairing the vehicle(s) at your own expense in accordance with the requirements stated in the Manuals and any manufacturer’s warranties. You must regularly service your vehicles and must keep each vehicle in the highest degree of cleanliness, orderliness, sanitation, and repair in accordance with the Manuals. You may not make any material alteration, addition, replacement, or improvement to your vehicles. This includes alterations to fixtures, furnishings, signs, and equipment, without our prior written consent. If we require you to upgrade, add to, or stop using any vehicle, then we will give you a written notice of any additional or replacement vehicles that you must purchase. If a vehicle is more than five years old, we may require you to replace it.

5.5 Supplies, Equipment, and Services. We may require that supplies, equipment, and services purchased for your Franchised Business: (i) meet certain specifications; (ii) be a specific brand, kind, or model; (iii) be purchased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased from a single source that we choose (which may include us or our affiliates). We will publish all of our requirements in the Manuals. We may change the authorized supplies, equipment, and services. We may also select specific supplies, equipment, and services as optional or mandatory. You must use all items that we select as mandatory. You must comply with any terms, conditions, or other restrictions imposed by suppliers or service providers concerning your purchase. You must maintain enough inventory of supplies and equipment to meet our standards stated in the Manuals.

If we revoke approval of a previously-approved item or service, you may continue to use the item or service for up to 60 days after our disapproval. You must then dispose of the formerly approved supplies or equipment as we direct. We have the right to shorten this period if, in our opinion, the continued use of the item or service would prove detrimental to the System or our reputation.

5.6 Approval Process. If you would like to (i) offer Services, (ii) use any supplies, equipment, or services, or (iii) purchase from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed items and to evaluate the proposed service provider and the proposed service offerings. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed item or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of items, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 60 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider and to revoke approval of the product, service, supplier, or service provider if any fails to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to stop purchasing the formerly-approved item or service or any products or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct.

5.7 Location. Your Franchised Business must be operated from a location in your Territory, unless you own and operate multiple units in adjacent territories, in which case you may choose to operate from one location in one of your territories. You must provide us with written notice if you wish to change the address of your Franchised Business. If we approve, you may manage the Franchised Business from your home. We reserve the right to require you to update your Franchised Business location periodically to meet our current standards. Equipment upgrades must be made periodically as required by us.

5.8 Training.

(a) Initial Training. Prior to opening your Franchised Business, you and your Operating Principal (if any) must attend and satisfactorily complete the Initial Training described in Section 4.2 (Initial Training of Your Personnel). If you or your Operating Principal are unable to satisfactorily complete our Initial Training , as determined in our sole discretion, we may terminate this Agreement and retain all amounts paid to us and our affiliates. Each following Operating Principal must attend our Initial Training for a reasonable fee unless we otherwise agree in writing. We will not charge a fee for up to two attendees at the Initial Training; additional attendees will be charged our then-current fee. We reserve the right to charge a fee for training persons who are repeating the course or replacing a person who did not pass and for later Operating Principals, or other employees who attend the course. You are responsible for any travel expenses, living expenses, wages, and other expenses incurred by your trainees.

(b) Additional Training. In addition to Initial Training, you, your Operating Principal (if you are an Entity), and any other employees that we designate must attend and satisfactorily complete any other training programs as we may require periodically after you begin operations. We will charge you or your employees $500/day plus expenses to attend additional training programs, unless we require their attendance at the training programs, in which case there will be no attendance fee. If you or your employees travel to receive additional training, you shall be responsible for your and your employee's costs of any travel or living expenses involved in such further training and the salaries of any employees.

5.9 Customers and Trading.

(a) Customers You May Serve. Except as specifically set forth in this Agreement, you may only sell and provide Services directly to customers at locations in your Territory. Unless we otherwise approve, you may not sell or provide Services at wholesale or through other networks of distribution or outside of your Territory. You must refer any inquiries to us that you receive from prospective customers for the performance of Services at a location

outside of your Territory or prospective franchisees that are interested in establishing franchises outside of your Territory.

(b) Customer Data. You agree that all data collected by you from customers and potential customers in connection with your Franchised Business ("Customer Data") is considered to be owned by us. You also agree to give us the Customer Data any time we request it. You have the right to use Customer Data while this Agreement or a replacement franchise agreement is in effect, but only in accordance with the policies that we establish and applicable law. You may not sell, transfer, or use Customer Data for any purpose other than marketing Services and your Franchised Business.

5.10 Marketing.

(a) Approval Requirement. You must conduct all advertising in a dignified manner and follow the standards and requirements we specify in the Manuals. You must obtain our written approval prior to using or producing any sales promotion materials, or advertising using any Marks if such material has not been prepared by or previously approved by us. We have the right to require you to obtain our approval in writing prior to placing ads in periodicals, websites, and other publications. If any of your advertising in your Territory will or may reach a significant number of people outside of your Territory, you must notify us in advance and get our consent. We may establish rules and policies periodically regarding advertising. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within 10 business days of receiving the material, then the material is considered disapproved. If you again notify us in writing and we fail to approve or disapprove the request in writing within 5 business days after the second request is received by us, then the approval is considered granted. We reserve the right to require you to stop using any advertising or marketing materials.

(b) Advertising Cooperatives. You agree to join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple GGF Businesses and to abide by the bylaws, rules, and regulations duly required by us and as supplemented by the organization to the extent such supplements are not inconsistent with our requirements.

(c) You agree, at your sole expense, to conduct advertising and promotional programs at the local level for your Franchised Business in accordance with Section 5.10(f) below.

(d) Websites. You are not authorized to have a website for your GGF Business, to register any domain names relating to GGF, to have a webpage related to your GGF Business, other than the mini-site/landing page which we provide for you on our website, on any third party website or to maintain a blog or social media site for your GGF Business. You must, on our request provide promotional materials or information relating to your GGF Business to include on our website. Any use of our Marks by you in advertising or social media of any type or form requires our prior written approval.

(e) Internet Advertising. Any internet advertising or marketing campaigns for your Franchised Business will be managed by us on your behalf. You will pay us the estimated costs of any advertising or marketing in advance and any actual costs we incur upon being invoiced by us.

(f) Local Advertising. You must develop and submit for our review and approval, prior to opening the Franchised Business and then prior to January 1 in each subsequent calendar year during the Term, a marketing plan. Once approved, you must follow this marketing plan, and we reserve the right to review and adjust this plan periodically based on the actual performance of the Franchised Business. Beginning with the opening of your Franchised Business and continuing for thirty-six months thereafter, you must spend on local advertising a minimum average of Three Thousand Dollars ($3,000) per month, calculated on a rolling twelve-month basis. Beginning with the thirty-seventh month and continuing for the remainder of the Term, you must spend on local advertising a minimum average of Two Thousand Dollars ($2,000) per month, calculated on a rolling twelve-month basis. All such local advertising shall comply with our requirements for advertising as specified in the Manuals. The foregoing is in addition to your obligation to pay Brand Fund Fees. You must submit to us, in a format that we prescribe and at a time and schedule that we prescribe in the Manuals, reports showing your expenditure for all marketing and advertising. You will provide to us for our approval any and all advertising and promotional material prepared by you,

and shall not publish, display or otherwise use any such materials without our prior written approval. You must purchase from our approved suppliers at their then-current charges marketing materials for use in branding and marketing your Franchised Business.

5.11 Conferences. You, your Operating Principal, and any of your representatives that we require must attend franchisee conventions, meetings, and teleconferences that we require in the Manuals or in writing. You are responsible for arranging and paying for transportation, accommodations, meals, and other expenses incurred. We may charge a fee to attend any conventions, meetings or conferences.

5.12 Franchisee Advisory Council. We may create an advisory council of Granite Garage Floors franchisees ("Franchisee Advisory Council") to advise us on various issues and strategies. The Franchisee Advisory Council will have only an advisory role, but no operational or decision-making power. We may change the structure and process of the Franchisee Advisory Council or end the Franchisee Advisory Council at any time.

5.13 Computer System and Communications Links. You must obtain, install, and use, at your expense, the hardware, software, on-line services, and communications links that we may require periodically. You agree to: (i) maintain on the computer system only the financial and operating data specified in the Manuals; (ii) use the computer system in accordance with our policies and operational procedures; (iii) transfer data to us in the form and at the times required by the Manuals; (iv) give us unrestricted access to your computer system at all times (including users IDs and passwords, if necessary) to download and transfer data via modem or other connection as we determine; (v) maintain the computer system in good working order at your own expense; (vi) replace or upgrade the computer system, software, and communications links as we require (but not more than once a year); and (vii) ensure that your employees are sufficiently trained in the use of the computer system and our related policies and procedures. You acknowledge that computer designs and functions change periodically and that we may make significant changes to the computer specifications or require the installation of an entirely different system. If we require you to use any software, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

5.14 Manuals.

(a) Compliance with the Manuals. You must comply with each rule, procedure, standard, specification, and requirement stated in the Manuals. They may be amended, modified, or supplemented periodically and written or electronically communicated. You acknowledge that we may unilaterally amend, modify, or supplement the Manuals at any time. You must promptly comply with all revised standards, procedures or other requirements.

(b) Use of the Manuals. You acknowledge that we own the copyright in the Manuals and that your copy remains our property and will be returned to us immediately on termination of expiration of this Agreement. You will treat the Manuals, and the information contained in them, as confidential and you will maintain the confidentiality of this information. You will not, without our prior written consent, copy, duplicate, record, use, or otherwise reproduce in any way the Manuals or make their contents available to any unauthorized person.

5.15 Insurance. You must maintain at your expense in full force and effect throughout the Term the types of insurance and the minimum policy limits stated in the Manuals. The insurance policy or policies must protect you, us, and our affiliates, and our affiliates' respective, past, present, and future officers, directors, owners, managers, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage, or expense of any kind arising out of, or in connection with, the condition, operation, use, or occupancy of your Franchised Business. We and our affiliates must be named as additional insureds under each policy, except for policies required by statute in your jurisdiction. This includes, but is not limited to, workers' compensation and employer's liability insurance policies. We may require additional types of coverage or increase the required minimum amount of coverage on reasonable notice. Your obligation to obtain coverage is not limited in any way by insurance that we maintain. On our request, or as stated in the Manuals, you must provide us with certificates of insurance proving the required coverage. Your insurer(s) must commit not to cancel or amend the policy or policies without at least 30 days' prior written notice to us. If you fail to obtain and maintain insurance coverage as required by this Agreement, we have the right, but not the obligation, to obtain the required insurance on your behalf and to charge you for the cost of the insurance plus a reasonable fee for our services in obtaining the insurance.

5.16 Intellectual Property.

(a) Marks and Trade Dress.

(i) Acknowledgements. You acknowledge that our affiliate is the owner of the Marks and the Trade Dress. You have no interest in the Marks and the Trade Dress other than the nonexclusive License granted here, and that between you and us, we have the exclusive right and interest in and to the Marks and the Trade Dress and the goodwill associated with and symbolized by them. On the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement or otherwise.

(ii) Rights. Your right to use the Marks and the Trade Dress applies only to your Franchised Business. You may only use in your Franchised Business the Marks and the Trade Dress that we permit, and only in compliance with our standards. You will not use any of the Marks as part of any Entity name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or use any of the Marks or the Trade Dress in connection with the sale of any unauthorized product or service or in any manner not explicitly authorized in writing by us. No materials on which any of the Marks or the Trade Dress appears shall be used by you without our prior written approval, which may be revoked at any time upon reasonable notice to you. You may not use any of the Marks, or any similar name, as a domain name or on any website, on the Internet or any other electronic communication network unless we expressly authorize that use in writing.

(b) Copyrights. You acknowledge that, any and all present or future copyrights relating to the System, including, but not limited to, the Manuals and any marketing materials we may provide to you (collectively, the "Copyrights"), belong solely and exclusively to us and our affiliates. You have no interest in the Copyrights other than the nonexclusive License granted in this Agreement.

(c) No Contesting Our Rights. During the Term of this Agreement and after its expiration or termination, you agree not to directly or indirectly challenge our or our affiliate's ownership, title, right, or interest in or to, or our license to use, or the validity of the Marks, the Trade Dress, or the Copyrights, or any trade secrets, methods or procedures that are part of the System (collectively, the "Intellectual Property"), or challenge our affiliates and our sole right to register, use, or license others to use the Intellectual Property.

(d) Changes to the Intellectual Property. We have the right to change, discontinue, or substitute for any of the Intellectual Property and to adopt new Intellectual Property for use with the System without any liability to you. You agree to implement any such change at your own expense within the time we reasonably specify.

(e) Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge by any person or Entity to the legitimacy of our ownership of or our right to use or license others to use any of the Intellectual Property. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any action. You agree to execute all documents and render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property. We will defend you against any third-party claim, suit, or demand arising out of your use of the Mark. If we, in our sole discretion determine that you have used the Marks in accordance with this Agreement, the cost of such defense and the cost of any judgment or settlement, will be borne by us. Otherwise, those costs will be borne by you. In the event of any litigation relating to your use of the Marks, you will take such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Mark in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket costs in doing such acts.

(f) Post-Termination or Expiration. On the expiration or termination of this Agreement, all of your rights to use the Intellectual Property will automatically return to us without cost and without the execution or delivery of any document. On our request, you must execute all documents that we require to confirm such return.

5.17 Improvements. You may not introduce any improvement or modification of or to the System or the Services without our prior written consent. You will notify us promptly of any improvement in or modification of or to the System or the Services which may be beneficial to us or other franchisees. Any and all improvements to the System or the Services, that you develop (whether or not consented to) will automatically become our property without any compensation to you. If such improvements may be protected by a trademark, copyright, patent, trade secret, or otherwise, then you must execute documents that we may require to prove ownership of such improvements by, and to transfer ownership thereof to us.

5.18 Proprietary Information.

(a) Receipt of Proprietary Information. You acknowledge that before or during this Agreement, we may reveal to you, orally or in writing, certain trade secrets, know-how, and other confidential information (collectively, "Proprietary Information") relating to the System, our business, or the construction, management, operation, or promotion of the Franchised Business. "Proprietary Information" does not include (i) information that is public or becomes public not through you, (ii) information revealed to you by a third party who has valid and unrestricted control of the information, (iii) information that you can prove by clear and convincing evidence was in your genuine and unrestricted possession when you began to investigate the purchase of a Granite Garage Floors franchise.

(b) Nondisclosure of Proprietary Information. You may not use or disclose or permit any person to use or disclose any Proprietary Information (including without limitation any portion of the Manuals) to any other person. You may only disclose the amount of information necessary for your advisors and employees to perform their jobs in the operation of the Franchised Business. You will be liable to us for any unauthorized use or disclosure of Proprietary Information by any of your employees or any other individual to whom you disclosed Propriety Information. You must take reasonable measures to protect the Proprietary Information from unauthorized use or disclosure and use any systems, procedures, or training programs that we require.

5.19 Taxes. You must pay on time all taxes, assessments, and governmental charges on or against you or your real or personal properties, income, and revenues. However, no such tax, assessment, or governmental charge needs to be paid if the validity, applicability, or amount is being contested by you in good faith by the correct proceedings. The correct funds must be maintained by you in trust to pay the disputed amount, if necessary.

5.20 Bookkeeping and Records. You must keep complete accurate books, records, and accounts of all business conducted under this Agreement in accordance with generally accepted accounting principles. You must preserve all of your books and records in such manner as we require for at least five years from the date created or longer if required by law. We may require in the Manuals and you acknowledge and agree that we will have access to that data remotely via a network connection that we will specify. You must use such software and other computer systems that we require which integrate into our CRM system and which will allow us independent access to your computer system for the Franchised Business and the information contained therein.

5.21 Reports and Financial Statements. You must submit financial and operational reports and records and your tax returns to us at the times and in the method stated in the Manuals. You must submit an unaudited statement of sales for each calendar month to us, within ten days of the end of the calendar month. Within 90 days after the end of each fiscal year, you must submit to us your balance sheet and income statement for the fiscal year just ended. You or your Operating Principal must certify that the fiscal year end income statement and balance sheet are correct and complete, and that they have been prepared in accordance with generally accepted accounting principles. We have the right to require that you provide us with audited financial statements if an Event of Default has occurred within the last fiscal year.

5.22 Additional Information. You must respond promptly to requests from us for clarification and/or additional information about any under this Agreement. We may periodically require information about your financial condition, earnings, sales, profits, costs, expenses, and performance to provide information to prospective franchisees about actual or potential sales or to comply with applicable laws and regulations. You must provide such information promptly on our request, and you must certify that such information is true and complete in all material respects.

5.23 Auditing. Without restricting the above sections, we may give five (5) days' written notice and then audit or cause to be audited any financial statement you are required to submit to us under this Agreement. We may

review or cause a review, of all records maintained by any bank or other financial institution used by you for the Franchised Business. If any audit or review reveals an understatement of fees due for any period, you must pay to us, (i) all additional Operating Fees or other amounts required based on the audit or review and (ii) if the understatement is more than 2% of Gross Sales, the cost of the audit or review, including without limitation the charges of any independent accountant and the cost of travel, meals, lodging, and compensation of the accountant and employees or other agents of us and any other direct costs we incur internally as a part of the audit. This must be paid within five (5) days after a demand for payment is made. You must on demand pay to us interest at the rate of eighteen percent (18%) per annum or at the maximum rate allowed by law, whichever is less, calculated from the date the fees should have been paid to the date of actual payment.

5.24 Inspection. During business hours and without prior notice to you, we have the right to: (i) inspect the Franchised Business, including the vehicles, and any location from which it is operated for compliance with the Manuals, (ii) to videotape, photograph or record the operation of your Franchised Business, (iii) to interview your employees, landlords (if any), and customers, (iv) to examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of your Franchised Business, and (v) to examine your income tax records and any other information, records or properties relating to the ownership, management, or operation of your Franchised Business. Our right to inspect your business records includes records maintained electronically or otherwise, wherever located. You must cooperate with inspections by giving our representatives unrestricted access and assistance as reasonably requested. If we notify you of any deficiencies after the inspection, you must promptly take steps to correct them. If you fail to correct any deficiencies within a reasonable time, we have the right, but not an obligation to correct them and charge you a reasonable fee, due immediately. Inspections will be made at our expense, unless they are required by your repeated failure to meet the terms of this Agreement. In this case we may charge you the costs of making the inspection. These costs include compensation for our representatives and their travel, living, and expense costs.

5.25 Indemnification. You agree to hold harmless, defend, and indemnify us and our affiliates. This includes our and their past, present, and future officers, directors, shareholders, managers, members, agents, attorneys, consultants, and employees against any claims, demands, fines, losses, costs, expenses (including, but not limited to, reasonable attorneys' fees, costs of investigation, settlement costs, and interest), liabilities, and damages (collectively "Damages") resulting directly or indirectly from your activities under this Agreement or the operation of your Franchised Business, including the sale thereof. We have the right, but not the obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claim against the indemnitees. This Section 5.25 will survive the expiration or termination of this Agreement and applies to Damages even if they exceed the limits of your insurance coverage.

5.26 Your Covenant Not to Compete.

(a) During Term. You acknowledge that you will receive valuable and specialized training. You will also receive Proprietary Information regarding the manufacturing, operational, sales, promotional, and marketing methods of the System. During this Agreement, unless you are given prior written consent, you and your Owners will not directly or indirectly by themselves, or on behalf of, or with any other person:

(i) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in any business that offers products or services relating to the sale, installation or servicing of epoxy or other garage floor coatings at any location in the United States by any means, including, without limitation, sales via the Internet or catalog ("Competitive Business"), or that grants licenses or franchises for Competitive Businesses;

(ii) divert or attempt to divert any business, customer, or franchisee or potential business, customer, or franchisee of any GGF Business to any Competitive Business, by direct or indirect inducement or otherwise;

(iii) perform, directly or indirectly, any other act harmful to the goodwill associated with the Marks and the System; or

(b) After Termination, Expiration, or Transfer. For two (2) years after the expiration or termination of this Agreement, you and your Owners may not without our prior written consent, (i) directly or indirectly own, manage, engage in, be employed by, advise, make loans to, or have any other interest in: (a) any Competitive Business that is (or is intended to be) located within your Territory, including one operated from any location out of which you operated the Business, or within a fifty (50) mile radius of your Territory; or (b) any business or other venture that is located at or within any of the foregoing which is granting franchises or licenses for Competitive Business wherever located, or which is located outside of the foregoing area but is granting franchises or licenses for business to be located in such area, or (ii) divert or attempt to divert any business, customer, or franchisee or potential business, customer, or franchisee of any GGF Business to any Competitive Business, by direct or indirect inducement or otherwise. The time period in this Section 5.26(b) will run from the expiration or termination of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first.

(c) Publicly Traded Corporations. Ownership of less than five percent (5%) of the outstanding voting stock of a publicly traded corporation that is a Competitive Business will not violate this Section 5.26.

(d) Covenants of Owners and Employees. The Owners personally bind themselves to this Section 5.26 by signing the form of Guarantee, attached hereto as Exhibit E.

(e) Enforcement of Covenants. You acknowledge and agree that (i) the time, territory and scope of the covenants provided in this Section 5.26 are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received necessary consideration in exchange for those covenants; (iii) enforcement of the same would not force excessive hardship; and (iv) the period of protection provided by these covenants will not be reduced by any time during which you are in violation of those covenants or any period of time required for enforcement of those covenants. If this Section 5.26 is legally determined unenforceable because of its scope, area or length of time, it may be made enforceable by reducing the unenforceable factor to make such factor enforceable. The other factors will be enforced to the fullest extent acceptable. You agree that any claim you may have against us will not create a defense to our enforcement of the covenants in this Section 5.26. You acknowledge that any breach or threatened breach of this Section 5.26 will cause us irreparable injury and no remedy at law is available. You consent to an injunction prohibiting any conduct violating the terms of this Section 5.26. The injunctive relief will be in addition to any other remedies that we may have.

5.27 Transfer and Assignment.

(a) Definition of Transfer. For purposes of this Agreement, "Transfer" as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the License, the Franchised Business, substantially all the assets of the Franchised Business, or in the ownership of the Franchisee (if you are an Entity, "Transfer" as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance).

(b) No Transfer Without Our Consent. This Agreement and the License are private to you. We have granted the License in reliance on your (and, if you are an Entity, your Owners') business skills, financial capacity, and personal character. So, neither you or any owner and successors of your interest in this Agreement or License may make any Transfer or permit any Transfer to occur without getting our prior written consent. If you or any of your Owners want to make a Transfer, you must promptly provide us with written notice. Any alleged Transfer, without our prior written consent, will be null and void and will create an Event of Default (as defined in Section 6.1). If this occurs, we may terminate this Agreement without an opportunity to cure the Event of Default. We have sole and absolute discretion to withhold our consent, except as provided in Sections 5.27(c) through 5.28(g). We have the right to communicate with you, your counsel, and the proposed transferee on any part of a proposed Transfer. You agree to provide any information and documentation about the proposed Transfer that we reasonably require. No Transfer that requires our consent may be completed until at least sixty (60) days after we receive written notice of the proposed Transfer. Our consent to a Transfer does not abandon any claims that we have against the transferor. Our consent does not waive our right to demand strict compliance with the Agreement.

(c) Transfer Of Entire Business. For a proposed Transfer of your Franchised Business or this Agreement (or, if you are an Entity, a Transfer of ownership interests that would result in a change of control), the following conditions apply (unless waived by us):

(i) You must satisfy all of your accumulated monetary obligations to us and our affiliates.

(ii) You must be in compliance with all obligations to us under this Agreement, and any other agreement that you have with us and our affiliates by the date of the request for our approval of the Transfer. If you are not in compliance by this date, then you must make arrangements acceptable to us to be in compliance by the date of the Transfer.

(iii) You and your Owners must execute a general release, in a form that we select. This form will release us, our affiliates, and our affiliates' past, present, and future officers, directors, managers, members, equity holders, agents, and employees, from all claims, including without limitation claims arising under federal, state, and local laws, rules, and regulations.

(iv) You and your Owners must agree to remain liable for all of the obligations to us in connection with the Franchised Business that occur before the effective date of the Transfer. You must execute any and all documents that we reasonably request to prove such liability.

(v) You and all your Owners agree in writing to be bound by the provisions of Sections 5.16 (Intellectual Property), 5.18 (Proprietary Information), 5.25 (Indemnification), and 5.26(b) (Your Covenant Not to Compete). You and all your Owners must act as if this Agreement has expired or been terminated on the effective date of the Transfer.

(vi) You must pay us a transfer fee of Five Thousand Dollars ($5,000) (the "Transfer Fee").

(vii) Your proposed transferee (or, if the transferee is not an individual, then each owner of any valuable interest) must show that he or she meets our qualifications to become a Granite Garage Floors franchisee. If the transferee is already a Granite Garage Floors franchisee, he or she must not be in default under any agreements with us and must have a good record of customer service and compliance. In addition, your proposed transferee’s proposed Operating Principal must be reasonably satisfactory to us.

(viii) Your proposed transferee (and, if the transferee is not an individual, then the owners of a valuable interest in the transferee) must execute our then-current form of franchise agreement., and any other agreements that we may require. These agreements will supersede this Agreement in all respects. The terms of the new franchise agreement may differ significantly from the terms of this Agreement. The prospective transferee will not be required to pay any Initial Franchise Fee.

(ix) Your proposed transferee and their representatives must successfully complete our then-current training requirements at their expense.

(x) The transfer must include all material assets used with your Franchised Business and your proposed transferee must upgrade the vehicles, and the location from which the Franchised Business is operated. This upgrade must be done at their own expense and it must follow our then-current standards and specifications for new franchised businesses.

(xi) Your proposed transferee must covenant that it will continue to operate under the Marks and using the System.

(xii) If the proposed transferee is an Entity, then its owner or owners of a valuable interest in the transferee must execute our then-current form of personal guarantee.

(d) Transfer Of Partial Ownership Interest. You must give us an advance notice and submit a copy of all proposed contracts and other information for any proposal to admit a new Owner, remove an existing Owner, or change the distribution of ownership shown, or for any other transaction that transfers directly or indirectly any interest in the Franchised Business. We have the right to require a reimbursement for any out-of-pocket expenses that we incurred in reviewing the proposed Transfer. We have a reasonable time (not less than thirty (30) days) after we have received all requested information to evaluate the proposed Transfer. You must satisfy the conditions in Sections 5.27(c) (ii), (iii), (v) and (xiii). We may withhold our consent on any reasonable grounds or give our consent subject

to any reasonable conditions. You acknowledge that any new owner must submit a personal application and execute a personal guarantee in the same form signed by the original Owners.

(e) Transfer To An Entity. We will consent to the assignment of this Agreement to an Entity that you form for the convenience of ownership, provided that: (i) the Entity has and will have no other business besides operating the Franchised Business; (ii) you satisfy the conditions in Sections 5.27(c) except subsections (iii), (vi), (vii), (ix), and (x), and (iii) the Owners hold equity interests in the new Entity as stated to us.

(f) Transfer Upon Death Or Incapacity. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Sections 5.27, as applicable. In addition, if the deceased or incapacitated person is you or the Operating Principal, we will have the right (but not the obligation) to take over operation of the Franchised Business until the Transfer is completed and to charge a reasonable management fee for our services. For purposes of this Section, "incapacity" means any physical or mental illness that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days or (ii) for sixty (60) or more total days during a calendar year. In the case of Transfer by inheritance, if the heirs or beneficiaries are unable to meet the conditions of Section 5.27(c), the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not transferred under this Section 5.27(f) within one hundred eighty (180) days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 6.2 (Our Remedies After An Event of Default).

(g) Our Right Of First Refusal.

(i) Our Right. We have the right within forty-five (45) days of receiving your notice of intent to Transfer with the required documentation and information, to send you a written notice that we plan to purchase the interest proposed to be Transferred. We will purchase this interest at the same amount and conditions offered by the third-party or, if we wish, at the cash amount equal (in our opinion) to any non-cash items. If it is not possible to agree on a reasonable cash amount or if the Transfer is a gift, then we will name an independent appraiser (at our expense) to determine the fair market value of the interest. We may purchase the interest at the fair market value determined by the appraiser. Closing on our purchase must occur within ninety (90) days after our notice to the seller choosing to purchase the interest. We may assign our right of first refusal to someone else either before or after we exercise it. However, the right of first refusal will not apply to Transfers to an Entity under Section 5.27(e) or to Transfers to your spouse, son, or daughter (including Transfers to your spouse, son, or daughter as a result of death or incapacity as described in Section 5.28(f)).

(ii) Declining Our Right. If we elect not to exercise our rights under this Section, the transferor may complete the Transfer after complying with Sections 5.27(b) to 5.27(f). Closing of the Transfer must occur within ninety (90) days of our election (or such longer period as applicable law may require). If it does not, then the third-party's offer will be treated as a new offer subject to our right of first refusal. Any material change in the offer from a third party after we have elected not to purchase the seller's interest will create a new offer subject to the same right of first refusal as the third party's initial offer. The Transfer is conditional on our determination that the Transfer was on terms substantially similar to those offered to us. Our failure to exercise our right of first refusal shall not affect our rights to approve a Transfer, all of which shall remain in full force and effect.

5.28 Compliance with Laws and Regulations. You must comply with all applicable federal, state, and local laws, rules, regulations, and ordinances. You must obtain and maintain good standing in any and all licenses, permits, and consents necessary for you to lawfully operate the Franchised Business. You have the sole responsibility for this compliance regardless of any information or advice that we may provide.

5.29 Notice of Proceedings. You must notify us in writing within five (5) days of the start of any action, suit or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality in connection with the operation or financial condition of your

Franchised Business. This includes, but is not limited to, any criminal action or proceeding brought by you against any employee, customer, or other person, but this does exclude any civil proceedings against customers to collect monies owed.

5.30 Ownership and Guarantee.

(a) Operating Principal. If you are an Entity, you must assign an individual owner as your Operating Principal. The Operating Principal must complete our training program and have the authority over all business decisions related to your Franchised Business. They must also have the power to bind you in all dealings with us. You may not change the Operating Principal without our prior approval.

(b) Owners of Equity. If you are an Entity, each of your Owners must execute the "Payment and Performance Guarantee" (the "Guarantee") attached as Exhibit E. By executing the Guarantee, each Owner will be bound by the provisions of this Agreement. This includes, but is not limited to, the restrictions stated in Section 5.26 (Your Covenant Not to Compete). A violation of any provision in this Agreement, including Section 5.26, by any Owner will constitute a violation of your obligations under this Agreement. The individuals executing this Agreement under the Guarantee represent that they are your sole owners.

(c) Governing Documents. If you are (or transfer this Agreement to) an Entity, you shall provide us with a list of holders of direct or indirect equity interests and their percentage interests. Additionally, you shall give us copies of your governing documents and any other corporate documents, books, or records, including certificates of good standing from your state of incorporation or organization. The Owners may not enter into any shareholders' agreement, management or operating agreement, voting trust, or other arrangement that gives a third party the power to direct or control your affairs without our prior written consent. During the Term of this Agreement, your governing documents must state that no transfer of any ownership interests may be made unless they are made in accordance with the terms of this Agreement. Any securities that you issue must have a visible printed legend that shows this.

6. TERMINATION AND DEFAULT

6.1 Events of Default. One or more of the following creates an "Event of Default" under this Agreement:

(a) You fail, refuse, or neglect to pay any money owed to us or our affiliates or you fail to make sufficient funds available to us as provided in Section 3.8 (Method of Payment) within ten days after receiving written notice of your default or 30 days after due date of the payment, whichever is the shorter period. If you have previously been given at least two notices of nonpayment for any reason within the last 24 months and you then fail to timely pay any money when it’s due. You fail to pay any supplier any non-disputed amount in accordance with such supplier’s terms.

(b) You make any material misrepresentations or errors in your application to us for the franchise, this Agreement, or any related documents. You submit to us any report or statement that you know or should know is false or misleading.

(c) You refuse to permit, or try to obstruct, an examination or audit of your books and records of your Franchised Business as required by this Agreement.

(d) You fail to timely file any periodic report that is required in this Agreement or in the Manuals for three (3) or more times in a 12-month period. It does not matter whether or not you later remedy the default.

(e) You or the Operating Principal, fail to complete Initial Training to our satisfaction by the Opening Deadline stated in Section 5.1(b) (Opening Deadline) of this Agreement.

(f) You fail to begin operating your Franchised Business by the Opening Deadline stated in Section 5.1(b) (Opening Deadline) of this Agreement.

(g) You voluntarily suspend operation of the Franchised Business without our prior written consent for five (5) or more consecutive business days where you were required to operate. This is unless we determine, in our sole discretion, that the failure was beyond your control.

(h) You use any of the Marks or any other identifying characteristics other than in the operation or advertising of the Franchised Business.

(i) You reveal the contents of the Manuals, or the other trade secrets, or of the Proprietary Information in violation of Section 5.18 (Proprietary Information).

(j) You or any Owner file or have filed against you any petition for bankruptcy, make an assignment for the benefit of your creditors, have an execution levied against your business assets, or have a suit to foreclose any lien or mortgage filed against you or any Owner or any of your or an Owner's assets, which is not dismissed within 30 days of filing.

(k) You, any Owner, or any of your officers or directors are convicted of a felony, a crime involving moral turpitude, a consumer fraud charge, or any other crime or offense that we believe is likely to have a material negative effect on our franchise system, the Marks, or any associated goodwill of the foregoing.

(l) Any Transfer occurs and does not comply with Section 5.27 (Transfer and Assignment). This includes a failure to transfer to a qualified successor after death or disability within the time stated by Section 5.27(f).

(m) You or any Owner violates the non-compete covenants in Section 5.26 (Your Covenant Not to Compete).

(n) You fail to comply with any law, regulation, or ordinance and it results in a threat to the public's health or safety, and you fail to remedy the non-compliance within twenty-four (24) hours of receiving a notice from us or from public officials, whichever occurs first.

(o) You default under any other franchise agreement or agreement between you and us, or our affiliates, as long as the default permits us or our affiliate to terminate the agreement.

(p) You fail to comply with any other covenant, agreement, standard, procedure, practice, or rule stated by us in this Agreement, in the Manuals, or in writing. You then fail to remedy the breach to our satisfaction within 20 days (or longer as applicable law may require) after we give you a written notice of the default.

(q) You breach or fail to comply with any covenant, agreement, standard, procedure, practice or rule three (3) or more times within any 18-month period, whether or not the breaches or failure are similar and whether or not they are cured.

6.2 Our Remedies After An Event of Default. If an Event of Default occurs, we may without notice or demand declare this Agreement, the License, and any other rights granted under this Agreement to be immediately terminated. In such case, except for what is stated below, this Agreement will have no further force or effect. Upon termination, you will not be relieved of any of your obligations, debts, or liabilities under this Agreement. This includes, but is not limited to, any debts, obligations, or liabilities that you accrued before the termination. Our right to terminate you is in addition to, all of the other rights and remedies available to us at law, in equity, or all of which are cumulative. We may, at our sole discretion, elect in lieu of termination of this Agreement, to require remedial training or other measures at your expense, or reduce or eliminate your exclusive Territory.

6.3 Suspension of Our Performance. We do not have any obligation to perform or comply with our obligations to you under this Agreement or other agreements when a default exists, and until you remedy the default to our satisfaction.

6.4 Our Performance of Your Obligations. We have the right, but we are not obligated, to perform any of your required obligations that you failed to perform under this Agreement. You must reimburse us on demand for

all costs and expenses that we reasonably incurred in performing any obligation or duty. You must also pay interest to us on the amount of costs and expenses as stated in Section 3.9 (Interest on Overdue Payments).

7. YOUR OBLIGATIONS UPON EXPIRATION OR TERMINATION

You promise and agree that on expiration or termination of this Agreement for any reason, unless we direct you otherwise:

7.1 Payment of Costs and Amounts Due. You must pay on demand all sums owed to us and our affiliates. If this Agreement is terminated due to an Event of Default, you will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of your default. These payment obligations will remain until they are paid in full. These payments can also lead to a lien in favor of us against your Franchised Business and all of your vehicles, and any and all of the personal property, fixtures, equipment, and products that you own at the time of the Event of Default. We are authorized to make any filings and to execute any documents on your behalf to perfect the lien created here. You will also pay to us all damages, costs, and expenses. This includes any reasonable attorneys' fees that we incurred after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of this Section 7.

7.2 Discontinue Use of the System and Intellectual Property. You must immediately stop operating your Franchised Business. You must immediately stop using the Intellectual Property (Marks and Trade Dress) in advertising or in any other manner. This also includes all other distinctive forms, slogans, signs, symbols, and devices associated with the System. You must immediately stop using the confidential methods, procedures, and techniques associated with the System.

7.3 Return of Proprietary Information. You must immediately return to us at your expense, all copies of the Manuals, all Customer Data in your direct or indirect possession, and all other Proprietary Information (and all copies). You must also refrain from disclosing any Proprietary Information to third parties.

7.4 Cease Identification with Us. You must immediately take all action required (i) to cancel all assumed name or similar registrations relating to your use of the Marks and (ii) to cancel or transfer to us all telephone numbers, post office boxes, and other directory listings related to the Franchised Business. You acknowledge that we have the sole rights and interests in all telephone numbers, post office boxes, and directory listings associated with any of the Marks. If you fail to comply with this Section 7.4, you authorize us and permanently appoint us as your attorney-in-fact to the telephone company, postal service, and all listing agencies. We will then transfer the numbers, boxes, and listings to us. The telephone company, the postal service, and each listing agency may accept such direction by us under this Agreement. This Agreement is conclusive evidence of our exclusive rights in the telephone numbers, post office boxes, and directory listings and our authority to direct their transfer.

7.5 Our Option to Purchase Certain Goods. Within seven (7) days of termination or expiration of this Agreement, we and you will arrange for an inventory to be made at your expense, of your supplies, equipment, vehicles, marketing materials, signs, and fixtures related to the operation of the Franchised Business. We will have the option, within sixty (60) days after the inventory has been made, to purchase from you any of those items at fair market value. If the parties cannot agree on fair market value within a reasonable time, we will select an independent appraiser after consultation with you, and his or her determination will be final and binding. If we exercise our option to purchase, we will have the right to set off all amounts due from you to us or our affiliates against any payments we make to you. If we do not exercise our option to purchase, you agree to dispose of your supplies, equipment, vehicles, marketing materials, signs, and fixtures that are proprietary or bear any of our Marks as we direct. You may not sell any supplies, equipment, vehicles, marketing materials, signs, and fixtures that are proprietary or bear any of our Marks without our prior written approval.

7.6 Our Option to Assume Your Site Lease. You will, on request by us, assign any interest you have in any lease for the locations from which the Franchised Business is operated to us. If we assume your interest under any site lease, you will be responsible for paying rent and all other charges due under the site lease for all periods until the time of the assumption. If we pay any amount on your behalf, you must reimburse us for the amount on demand.

7.7 De-identification of the Equipment and Franchised Business. With respect to any items we do not agree to purchase, as stated in Section 7.5, you must make modifications or alterations to your vehicles, the location from which the Franchised Business is operated immediately on termination or expiration of this Agreement. We consider these modifications necessary to distinguish the appearance of the foregoing from a GGF Business. These modifications include, but are not limited to, removing the signs, Marks, and any Trade Dress to show the public that you are no longer associated with us. You must provide us with photographic evidence that you have de-identified your vehicles and the location from which the Franchised Business was operated. If you do not comply with the requirements of this Section 7.7, we may take possession of the foregoing without being guilty of trespass or any other tort, for the purpose of making any required changes. You agree to reimburse us on demand for our expenses in making the changes.

7.8 Promote Separate Identity. You will not directly, indirectly, or in any manner, identify yourself, or anyone else connected with you, as a "former 'Granite Garage Floors' franchisee." You will not identify yourself or anyone else as having been associated with GGF or, use in any manner or purpose, any of the Marks or Trade Dress.

7.9 Comply with Noncompete. Your Owners must comply with the covenant not to compete in Section 5.26(b) (Your Covenant Not to Compete).

7.10 Injunctive and Other Relief. You acknowledge that your failure to comply with the provisions of Section 7 will result in irreparable harm to us and that our remedy at law for damages will be inadequate. So, you agree that if you breach any provisions of Section 7, we are entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

8. DISPUTE RESOLUTION AND GOVERNING LAW

8.1 Forum for Litigation. Subject to the requirements of Section 8.2, you and the Owners must file any suit against us, and we may file any suit against you, in a state court in the county where our principal place of business is located at the time the lawsuit is filed or filed in the federal district court for the district where our principal place of business is located at the time the lawsuit is filed. The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

(a) Franchisee agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against GGF unless Franchisee brings an action/suit against GGF before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against GGF hereunder, whichever occurs sooner. Any action/suit that Franchisee does not bring during this time period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by GGF, 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.

8.2 Mandatory Alternative Dispute Resolution.

(a) Mediation. Except as stated below, before filing any proceeding to resolve a dispute connected with this Agreement, the Franchised Business or the System, either party has the right to demand participation in mediation. One mediator will be selected by the parties and if they cannot agree, then a mediator will be selected by the American Arbitration Association ("AAA"). The mediation will be held near our principal offices in Georgia, will not last more than one day, and if the parties do not resolve their dispute, then any party may file litigation in accordance with the terms of this Agreement. The mediation will be governed by the rules of the AAA. The parties agree that mediation will be held no later than fourteen (14) days after a written request for mediation has been served on the other parties.

(b) Arbitration. Except to the extent GGF seeks injunctive or other equitable relief to enforce provisions of this Agreement, and except for controversies, claims or disputes based on Franchisee's failure to pay any fees due hereunder when due; Franchisee's violation of any health or safety law; or Franchisee's use of the Marks, all controversies, claims or disputes between the parties arising out of or relating to (i) this Agreement or any other agreement between the parties, (ii) the relationship between the parties, or (iii) the scope and validity of this

Agreement or any other agreement between the parties (including the scope and validity of the arbitration obligations under this section, which the parties acknowledge is to be determined by an arbitrator and not a court) shall be determined by arbitration with the AAA at the office of the AAA closest to GGF's principal executive office on the date of submission of the matter to the AAA. Such arbitration shall be conducted before one (1) arbitrator chosen in accordance with AAA commercial arbitration rules. The decision of the arbitrator shall be final and binding upon all parties concerned. Such decision shall be rendered within thirty (30) days of the close of the arbitration hearing record. In any arbitration proceeding, the parties agree that each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the federal rules of civil procedure) within the same proceeding as the claim to which it relates. Any claim not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either party. GGF reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceedings to take place and by doing so will not be deemed to have waived or relinquished GGF's right to seek the recovery of those costs in accordance with this Section. The arbitration will be conducted on an individual, not a class-wide basis, and the arbitration proceeding may not be consolidated with any other arbitration proceeding between GGF and any other person. Notwithstanding the foregoing or anything to the contrary in this section, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this Agreement. In all other respects, the rules of the AAA and the United States Arbitration Act shall control. Judgment upon the award rendered by the arbitration may be entered in any court having competent jurisdiction thereof. If an arbitrator determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then the parties agree to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder.

8.3 Governing Law. This Agreement has been executed, delivered in, and will be governed construed, and enforced in accordance with the laws of the State of Georgia. In the event of any conflict-of-law question, the laws of Georgia will prevail, without regard to the application of Georgia conflict-of-law rules.

8.4 Mutual Waiver of Jury Trial. The parties both permanently waive trial by jury in any litigation.

8.5 Mutual Waiver of Punitive Damages. Each of us waives any right to or claim of punitive, exemplary, multiple, or consequential damages against the other in litigation.

8.6 Remedies Not Exclusive. Except as stated in Section 8.4, no right or remedy that the parties have under this Agreement is limited to any other right or remedy under this Agreement or under applicable law. Every remedy will be in addition to every other remedy available at law or in equity or by statute or otherwise.

8.7 Our Right to Injunctive Relief. Nothing in this Agreement prevents our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage. You agree that we will not be required to prove actual damages or post a bond in excess of One Thousand Dollars ($1,000) or other security in seeking or obtaining injunctive relief (both preliminary and permanent) and/or specific performance with respect to this Agreement.

8.8 Attorneys' Fees and Costs. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed by you and/or the Owners; and (ii) in the defense of any claim you and/or the Owners state against us and where we win in court or other formal legal proceedings.

9. MISCELLANEOUS

9.1 Entire Agreement. This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document ("FDD") that we furnished to you.

9.2 Amendments and Modifications. This Agreement may only be amended or modified by a written document signed by each party; provided, however, we may unilaterally amend or modify the Manuals at any time.

9.3 Waiver. Any term or condition of this Agreement may be waived at any time by the party entitled to the benefit of the term. This waiver must be in writing. No amount of dealing or performance by any party, and no failure, omission, delay, or restraint by any party, in exercising any right, power, benefit, or remedy, will constitute a waiver of a right, power, benefit, or remedy. Our waiver of any particular default does not affect our rights to respond to any other default you may commit. Our waiver of a default by another franchisee does not affect our right to demand your strict compliance with the terms of this Agreement. We have no obligation to deal with similarly situated franchisees in the same manner. Our acceptance of any payments due from you does not waive any prior defaults.

9.4 Importance of Timely Performance. Time is of the essence in this Agreement.

9.5 Headings. The headings in this Agreement are for convenience only. They are not a part of this Agreement and will not affect the meaning or construction of any of its provisions.

9.6 Severability. Each provision of this Agreement is severable from the others. If any provisions of this Agreement or any of the documents executed in connection with this Agreement are determined by a court to be invalid, illegal, or unenforceable, the invalidity will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you.

9.7 Applicable State Law Controlling. If the termination, renewal, or other provisions stated in this Agreement are inconsistent with any applicable state statute, the statute will apply, but only to the inconsistency.

9.8 Survival. Each provision of this Agreement that clearly specifies or implies that it is to be performed after the expiration, termination, or Transfer of this Agreement will survive an expiration, termination, or Transfer. This includes, but is not limited to Sections 5.16 (Intellectual Property), 5.18 (Proprietary Information), 5.23 (Auditing), 5.24 (Inspection), 5.25 (Indemnification), 5.26 (Your Covenant Not to Compete), and 7 (Your Obligations Upon Expiration or Termination).

9.9 Consent. Whenever our prior written approval or consent is required under this Agreement, you must agree to make a timely written request to us for the consent. Our approval or consent must be in writing and signed by an authorized officer to be effective.

9.10 Independent Contractor Relationship. The execution of this Agreement or any conduct by us will not create a fiduciary or other special relationship or make one of us an agent, legal representative, joint venturer, partner, employee or servant of each other for any purpose. You are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf. During the Term, you agree to hold yourself out to the public as an independent contractor operating your Franchised Business and vehicles under license from us. You also agree to post a notice to clarify your independent contractor relationship according to Section 5.16(a) (ii) (Marks and Trade Dress) and, if we request, in your advertising and on your contracts, forms, stationery, and promotional materials.

9.11 Notices. All notices and other communications required or permitted under this Agreement will be in writing and will be delivered: (i) personally; (ii) by certified or registered mail, postage prepaid; or (iii) by overnight delivery service. Notices to you will be sent to the address provided to us. Notices to us must be sent to:

Granite Garage Floors Franchising, LLC
c/o Legal Department
77 North Washington Street
Boston, MA 02114

Either party can change its mailing address or facsimile number by giving notice to the other party. Notices will be considered to be received on the same day when they are delivered personally. They will be considered to be received on an attempted delivery when sent by registered, certified, or overnight delivery service.

9.12 Execution in Counterparts. This Agreement may be completed in two or more counterparts. Each counterpart will be considered an original, and all of them combined will form one complete agreement.

9.13 Successors and Assigns. Except as otherwise clearly stated, this Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.

9.14 No Third Party Beneficiaries. Except as otherwise clearly stated in this Agreement, no third party shall have the right to claim any of the benefits conferred under this Agreement.

9.15 Reserved.

9.16 Force Majeure. Any delay in our or your performance of any duties under this Agreement, or any non-performance of such duties, that is not your or our fault (as applicable) or within your or our reasonable control – including, but not limited to, fire; floods, natural disasters; Acts of God; war; civil commotion; any governmental act or regulation; any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers; computer network outages; late deliveries or non-deliveries of goods or non-furnishing of services by third party vendors; strikes; and any other similar event beyond such party's control — will not constitute a breach or cause a default under this Agreement, provided, however, that we or you (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay. Notwithstanding the above, no exercise of this force majeure provision shall excuse performance of this Agreement; rather, such exercise will allow for the delay of performance hereunder by the party or parties suffering the force majeure. The foregoing shall not apply to your payment obligations hereunder.

10. YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

You and the Owners represent, warrant, and acknowledge as follows:

10.1 Truth of Information. The information (including without limitation all personal and financial information) that you and your Owners have furnished or will furnish to us relating to the subject of this Agreement is true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

10.2 Due Authority. This Agreement has been duly authorized and executed by you or on your behalf is a valid and binding obligation of you, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

10.3 Terrorist Acts. You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 ("Order"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

10.4 Independent Investigation. You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that your results will be largely dependent upon your own efforts and ability. You have been accorded ample time to consult with your own attorney and other advisors about the potential risks and benefits of entering into this Agreement, and we have advised you to do so.

10.5 Timely Receipt of Agreement and Franchise Disclosure Document. You have received an execution ready copy of this Agreement at least seven calendar days before you executed this Agreement or any related

agreements or pay any consideration to us. You have also received our Franchise Disclosure Document at least 14 calendar days before you executed this Agreement or any related agreements or paid any consideration to us. You have reviewed this Agreement and the Franchise Disclosure Document and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents.

[Signatures on next page]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the Effective Date.

IF YOU ARE AN INDIVIDUAL: PLEASE SIGN BELOW.

GRANITE GARAGE FLOORS FRANCHISING, LLC

By:_____

Title:_____

Date:_____

_____
[NAME OF FRANCHISEE]

Date:_____

IF YOU ARE A CORPORATION OR LIMITED LIABILITY COMPANY: THE OPERATING PRINCIPAL MUST SIGN THIS AGREEMENT ON BEHALF OF THE CORPORATION OR LLC. IN ADDITION, THE AGREEMENT MUST BE GUARANTEED BY THE OPERATING PRINCIPAL AND ALL OTHER OWNERS OF AN EQUITY INTEREST IN THE CORPORATION OR LLC, ON THE GUARANTEE FORM ATTACHED TO THIS AGREEMENT.

GRANITE GARAGE FLOORS FRANCHISING, LLC

By:_____

Title:_____

Date:_____

_____
[INSERT CORPORATE NAME]

By:_____

Title:_____

Date:_____

IF YOU ARE A PARTNERSHIP: ALL PARTNERS MUST SIGN THIS AGREEMENT. IN ADDITION, THE AGREEMENT MUST BE GUARANTEED BY ALL PARTNERS ON THE GUARANTEE FORM ATTACHED TO THIS AGREEMENT.

GRANITE GARAGE FLOORS FRANCHISING, LLC

By:_____

Title:_____

Date:_____

_____
[INSERT PARTNERSHIP NAME]

By:_____

Title:_____

Date:_____

By:_____

Title:_____

Date:_____

FRANCHISE AGREEMENT EXHIBIT A

The "Territory" shall be defined as follows:

The Territory shall include the geographical area of the following zip codes as of_____, 20__;

An official map denoting boundaries will be used for geographical borders. Should the geographical borders of this area change in any way, it will have no effect on the territory. Homes on the Territory side of roads that are bordering this Territory shall be included within this Territory.

FRANCHISE AGREEMENT EXHIBIT B

PROMISSORY NOTE

$[amount] Dated:

FOR VALUE RECEIVED, the undersigned, **[FRANCHISEE ENTITY]** a [STATE] limited liability company with a principal place of business at [ADDRESS] (collectively referred to as "Maker") promises to pay to the order of **GRANITE GARAGE FLOORS FRANCHISING, LLC,** a Georgia limited liability company, (herein with its successors and/or assigns, "Payee") having its principal place of business at 110 Mansell Circle Suite 375, Roswell, GA 30075, or at such other place as the Payee or other holder hereof may direct in writing, the aggregate principal sum of **[AMOUNT] ($XX,XXX)** together with interest payable as follows:

1. Interest. The unpaid principal amount of this Promissory Note ("Note") from time to time outstanding shall bear interest at the rate of twelve percent (12%) per annum. If Maker fails to pay any installment or make any payment on this Note for ten (10) days after the same shall become due, whether by acceleration or otherwise, Payee may, at its option, impose a late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. If any payment or installment is not made within thirty (30) days after the same shall become due, Payee may, at its option, impose an additional late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. Such installment or payment shall be subject to an additional five percent (5%) late charge for each additional period of thirty (30) days thereafter that such installment or payment remains past due. The late charge shall apply individually to all installments and payments past due. This provision shall not be deemed to excuse a late installment or payment or be deemed a waiver of any other rights Payee may have, including, but not limited to, the right to declare the entire unpaid balance due under this Note immediately due and payable. In no event shall the rate of interest payable hereunder at any time exceed the highest rate of interest allowed under applicable usury laws.

2. Principal and Interest Payments. This Note shall be due and payable by electronic funds transfer in _____ consecutive equal monthly installments of **[AMOUNT] ($0,000.00),** with the initial installment being due and payable on **DATE**, and the remaining installments being due and payable on the same day of each consecutive month thereafter. The final installment shall be due and payable on **DATE** and shall consist of the remaining principal balance of this Note, and all unpaid interest, accrued thereon. In the event any payment date shall fall due on a Saturday, Sunday or United States banking holiday, payment shall be made on the next succeeding business day, and interest will continue to accrue on the unpaid amount during the interim. All payments of principal and interest are to be made in lawful money of the United States of America in immediately available funds.

3. Payment Application. Payments shall be applied first to expenses, costs, and attorney's fees which are payable under this Note, secondly to interest and finally to the reduction of principal; provided, such payments may at the option of Payee or other holder hereof, be applied to the payment of delinquent taxes, installments of special assessments, insurance premiums and/or other legal charges.

4. "Event of Default". An "Event of Default" shall be deemed to have occurred in the event that: (a) any installment of principal or interest due hereunder is not paid after becoming due and payable; or (b) any default by Maker occurs in the performance of the covenants, obligations or other provisions under the Franchise Agreements between Maker and Payee (the "Franchise Agreement(s)"), or any other agreement between Maker (or its affiliates) and Payee; or (c) any representation or warranty of the Maker set forth in the Franchise Agreement(s), or any other agreement between Maker and Payee proves to have been incorrect in any material respect; or (d) Maker becomes subject to any bankruptcy, insolvency or

debtor relief proceedings; or (e) Maker fails to comply with or perform any provision of this Note not constituting a default under the previous items of this paragraph and such failure continues for fifteen (15) days after notice thereof to Maker; or (f) a default occurs causing the acceleration of any material obligation of Maker to any other creditors; or (g) any guarantor of the Franchise Agreement(s) revokes or renounces their guaranty; or (h) the Franchise Agreement(s) is terminated by Maker or by Payee or is declared terminated in any judicial proceeding.

5. Default and Remedies. Upon the occurrence of an Event of Default as defined herein or at any time thereafter, the entire principal and accrued interest of this Note shall become immediately due and payable, without further notice to Maker, at the option of Payee or other holder hereof. Payee or other holder hereof may also exercise any rights and remedies available to it under the Massachusetts Uniform Commercial Code or other applicable law. To the extent permitted by applicable law, all benefits, rights and remedies hereunder shall be deemed cumulative and not exclusive of any other benefit, right or remedy herein. The failure of Payee or other holder hereof to exercise any right or remedy hereunder shall not be deemed to be a release or waiver of any obligation or liability of the Maker.

6. Obligations Absolute. All obligations of Maker hereunder are absolute and unconditional, irrespective of any offset or counterclaim of Maker against Payee or other holder hereof. Maker hereby waives the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce the obligations of Maker under this Note.

7. Waivers. Maker and any co-makers, sureties, endorsers and guarantors of this Note, hereby jointly and severally waive presentment for payment, notices of non-performance or nonpayment, protest, notice of protest, notice of dishonor, diligence in bringing suit hereon, against any party hereto and notice of acceleration. Payee reserves the right, in its sole and exclusive discretion, to waive the requirement in Section 2 above that all payments hereunder be due by electronic funds transfer.

8. Collection Costs; Attorney's Fees. Maker agrees to pay all expenses and costs of collection, including all reasonable attorney's fees and expenses, court costs, costs of sale and costs of maintenance and repair and similar costs incurred by Payee in connection with the enforcement of this Note, the collection of any amounts payable hereunder, whether by acceleration or otherwise, and/or the sale or other disposition of any Collateral.

9. Prepayment. Maker may prepay this Note, in whole or in part, at any time without premium or penalty. Any partial payments shall be applied first to accrued interest and then to principal installments in reverse order of maturity.

10. Severability. If any term or provision of this Note or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and shall be valid and enforced to the fullest extent permitted by law.

11. Limitation on Interest. All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for charged, or received by Payee, or any subsequent holder hereof, exceed the maximum amount permissible under applicable law. If any interest in excess of the maximum amount of interest allowable by said applicable laws is inadvertently paid to Payee or the holder hereof, at any time, any such excess interest shall be refunded by the holder to the party or parties entitled to the same after receiving notice of payment of such excess interest. All interest paid or agreed to be paid to Payee shall, to the extent permitted by

applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Maker and Payee as to the payment of interest.

12. Jurisdiction and Venue. It is hereby agreed that any and all claims, disputes or controversies whatsoever arising from or in connection with this Note, shall be commenced, filed and litigated, if at all, in the judicial district in which Boston, MA is located, unless the conduct of such litigation is not within the subject matter jurisdiction of the court of such district. The parties waive all questions of personal jurisdiction, convenience of forum and venue for purposes of carrying out this provision.

13. Jury Trial Waiver. **MAKER AND PAYEE IRREVOCABLY WAIVE TRIAL BY JURY, REGARDLESS OF THE FORUM, IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER ARISING FROM, WHETHER DIRECTLY OR INDIRECTLY, THIS NOTE.**

14. Governing Law. In order to effect uniform interpretation of this Note, this Note, and all disputes or controversies arising or related hereto shall be interpreted and construed under the laws of the State of Georgia.

15. Amount Owing. The records of Payee or other holder of this Note shall be prima facie evidence of the amount owing on this Note.

16. Release. In consideration of the credit given to the Maker as evidenced by this Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned, for himself and his agents, employees, representatives, associates, heirs, successors and assigns (collectively the "Franchisee Entities"), does hereby fully and finally release and forever discharge the Payee ("**GRANITE GARAGE FLOORS FRANCHISING, LLC**"), and its officers, shareholders, directors, agents, employees, representatives, associates, successors and assigns (collectively, the "Franchising Entities") of and from any and all actions and causes of action, suits claims, demands, damages, judgments, accounts, agreements, covenants, debts, levys and executions, including without limitation attorneys' fees, whatsoever, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, whether at law or in equity, which the Franchisee Entities, or any one or more of them, have had, now have or may in the future, have against the Franchising Entities, or any one or more of them, arising out of, in connection with or relating in any way to that certain franchise agreement between the undersigned and Payee, dated _____, 20____ (the "Franchise Agreement"), or any other agreement between the undersigned and Payee, including but not limited to, any actions for fraud or misrepresentation, violation of any franchise laws, violation of any state or federal antitrust or securities laws, or violation of any common law, from the beginning time to the date of this Note; provided, however, specifically excluded from the release provisions of this Note shall be all obligations of Payee, under the Franchise Agreement first accruing on and after the date hereof.

This release does not apply to claims arising under the Washington Franchise Investment Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2)

17. Assignment. Payee may sell or assign this Note at Payee's sole discretion. If Payee sells or assigns this Note Payee will not remain primarily obligated under the Note. Additionally, Maker will also lose all of its defenses against Payee as they relate to this Note as a result of the sale or assignment.

IN WITNESS WHEREOF, Maker has made, executed and delivered this Note effective as of the date first above written.

MAKER:

FRANCHISEE ENTITY
By Its Members:

By: _____
[NAME] _____
Its: [TITLE]_____

PAYEE:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
[NAME] _____
Its: [TITLE]_____

FRANCHISE AGREEMENT EXHIBIT C

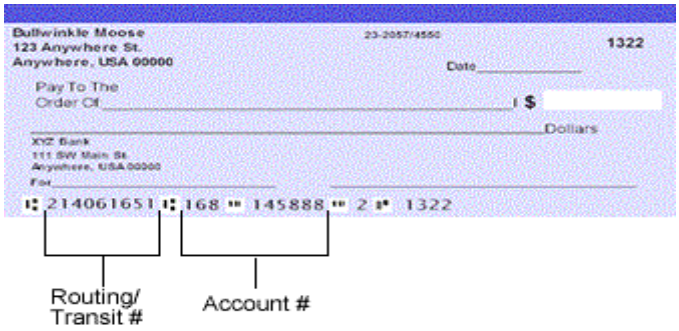
ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS

I (We, if joint account) the undersigned, hereby authorize **Granite Garage Floors Franchising, LLC**, a Georgia limited liability company, with principal offices at 110 Mansell Circle, Suite 375, Roswell, GA, 30075, to initiate electronic transfer of funds out of my (our) primary Checking or Savings selected below at the Financial Institution indicated, for payment of Royalties or other amounts, which I may owe **Granite Garage Floors Franchising, LLC**.

I (We) acknowledge that the origination of Automated Clearing House (ACH) transactions to my (our) account must comply with the provisions of the United States law. All costs and expenses, including any resulting from the dishonor by my (our) bank of any electronic funds transfer, shall be my (our) sole responsibility. This authorization is irrevocable and shall remain in effect until the termination or expiration of the underlying Franchise Agreement with **Granite Garage Floors Franchising, LLC.**

If I (we) do not have enough money in my (our) account to cover the transfer, or if my (our) Financial Institution for any other reason refuses to honor a transfer, I (we) will separately pay for the charges I (we) owe under my (our) Franchise Agreement with **Granite Garage Floors Franchising, LLC.**

ACH Information		
Financial Institution:		
Branch:		
City	State:	Zip:
Routing/Transit Number:		
Account/Bank Number:		



I (we) acknowledge that these funds will be debited on **the last day of each month**, or the closest business day thereafter.

Name(s): _____

Signature: _____Date: _____

Signature: _____Date: _____

Day Phone: ( ) _____ Evening Phones: ( ) _____

Please fill out this form and attach a voided check.

FRANCHISE AGREEMENT EXHIBIT D

FRANCHISE OPTION AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (the "Amendment") is made and entered into this _____ day of _____, 20__, by and between GRANITE GARAGE FLOORS FRANCHISING, LLC, a Georgia limited liability company, with its principal place of business at 110 Mansell Circle Suite 375, Roswell, GA 30075 (hereinafter "Franchisor"), and _____, a _____ with its _____ at _____ (hereinafter "Franchisee").

1. Franchisee is approved by Franchisor to participate in the Franchise Option Program. Franchisor and Franchisee hereby agree to amend the Franchise Agreement entered into between them with effect as of [DATE]. The Franchise Agreement is amended as follows:

The Franchise Fee stated in Section 3.1 of the Franchise Agreement is waived and Franchisee shall not pay to Franchisor the Franchise Fee.

2. Section 3.2(a) of the Franchise Agreement is amended as follows:

Strike "six and one-half percent (6.5%)" and replaced with nine percent (9%).

3. If the Franchise Agreement is renewed in accordance with Section 2.2 thereof, Franchisee and Franchisor agree that the Royalty Fee rates, as amended by Section 2 of this Amendment, shall be applied to the renewal term and that they shall enter into an amendment of the renewal franchise agreement if necessary to apply such Royalty Fee rates.

4. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.

5. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Its: _____

FRANCHISEE

By: _____
Its: _____

FRANCHISE AGREEMENT EXHIBIT E

GRANITE GARAGE FLOORS FRANCHISING, LLC
PAYMENT AND PERFORMANCE GUARANTEE

In order to induce Granite Garage Floors Franchising, LLC ("GGF") to enter into a GGF Franchise Agreement (the "Franchise Agreement") with the Franchisee named in the Franchise Agreement to which this Payment and Performance Guarantee (the "Guarantee") is attached ("Franchisee"), the undersigned (collectively referred to as the "Guarantors" and individually referred to as a "Guarantor") hereby covenant and agree as follows:

1. Guarantee of Payment and Performance. The Guarantors jointly and severally unconditionally guarantee to GGF and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to GGF, absolute or contingent, of every kind and nature, whether now existing or incurred later, whether incurred under the Franchise Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the "Guaranteed Liabilities"). The Guarantors agree that if any of the Guaranteed Liabilities are not paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in trying to enforce this Guarantee or the payment of any Guaranteed Liabilities.

2. Waivers by Guarantors. The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between GGF and Franchisee and of the settlement, compromise, or adjustment thereof. This Guarantee is primary and not secondary, and shall be enforceable without GGF having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee shall be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee.

3. Term: No Waiver. This Guarantee shall be irrevocable and unconditional and shall remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Franchisee to GGF and its affiliates have been paid and satisfied in full, or (ii) the Franchise Agreement and all obligations of Franchisee thereunder expire. No delay or failure on the part of GGF in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by GGF of any right or remedy shall preclude other further exercise of that right or any other right or remedy.

4. Covenants. Each of the Guarantors agrees to be individually bound by all covenants, obligations, and commitments of Franchisee as if each of the Guarantors had individually been named as Franchisee in the Franchise Agreement and the Guarantors had individually executed the Franchise Agreement and agree that each of the Guarantors will take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and will not take any action that would cause Franchisee to be in breach of the Franchise Agreement.

5. Dispute Resolution. Section 8 (Dispute Resolution and Governing Law) of the Franchise Agreement is incorporated here by reference and will be applicable to all disputes between GGF and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Franchise Agreement.

6. Miscellaneous. This Agreement will be binding upon the Guarantors and their heirs, executors, successors, and assigns, and will be for the benefit of GGF and its successors and assigns. All obligations of the Guarantors hereunder are joint and several in each and every respect.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be signed of the day and year first above written.

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

FRANCHISE AGREEMENT APPENDIX A

STATE ADDENDA TO THE FRANCHISE AGREEMENT

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF CALIFORNIA

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of California.

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and nonrenewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with Franchisor, including the areas of transfer, termination and renewal of Franchisee's franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

2. The Franchise Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Franchisee shall not be required to execute a general release.

3. The Franchise Agreement requires application of the laws and forum of Georgia. This provision may not be enforceable under California law.

4. 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.

5. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

6. The Franchise Agreement contains a covenant not to solicit which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

7. The Franchise Agreement may require binding arbitration. The arbitration will occur at the office of the American Arbitration Association closest to franchisor's principal executive office. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

8. California law requires that you obtain a contractor's license of the California Contractors State License Board (CSLB) if the total cost (labor and materials) of one or more contracts on the project is $500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to Limited Liability Companies (LLCs).

9. Section 10 of the Franchise Agreement is hereby deleted in its entirety and replaced with [Intentionally Deleted].

10. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any

applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Relations Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF HAWAII

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Hawaii.

This Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by 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.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF ILLINOIS

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Illinois.

1. Illinois law governs the Franchise Agreement.

2. Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

4. 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 the Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

5. The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

6. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

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

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF INDIANA

Notwithstanding anything to the contrary set forth in the **GRANITE GARAGE FLOORS FRANCHISING, LLC** Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Indiana.

1. In accordance with IC 23-2-2.7-1, the applicable sections of the Franchise Agreement are hereby amended to provide that Franchisor will not: (a) require the Franchisee to execute a release in connection with the renewal or transfer of the franchise which purports to relieve any person from liability to be imposed under the Indiana Deceptive Franchise Practices Act; (b) require the Franchisee to covenant not to compete with the Franchisor in an area greater than the Designated Territory set forth in the Franchise Agreement, upon termination of or failure to renew the Franchise Agreement; or (c) limit litigation brought for breach of the Franchise Agreement.

2. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern. Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana franchise laws are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF MARYLAND

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Maryland.

1. Sections 2.2 and 5.27 of the Franchise Agreement are revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 6.1(j) of the Franchise Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

3. Section 8.1 of the Franchise Agreement is revised to include the following language:

   "Notwithstanding the provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise."

4. 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.

5. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. Section 10, titled YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS, of the Franchise Agreement is hereby deleted in its entirety and replaced with [Intentionally Deleted].

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

8. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF MINNESOTA

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Minnesota.

1. Minnesota Statutes, Section 80C.21, and Minnesota Rules 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Agreement can abrogate or reduce (a) any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C; or (b) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.

2. With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statutes, Section 80C.14, subd. 3-5, which require (except in certain specified cases) (a) that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and (b) that consent to the transfer of the franchise will not be unreasonably withheld.

3. To the extent required by the Minnesota Franchise Act, Franchisor will protect Franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify Franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided Franchisee is using the names in marks in accordance with the Franchise Agreement.

4. Minnesota Rules 2860.4400(D) prohibits Franchisor from requiring Franchisee to assent to a general release.

5. Franchise Agreement, Section 9.3, is revised to comply with Minnesota Statutes, Section 80C.17, subd. 5.

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

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes, Chapter 80C, are met independently without reference to this Addendum.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF NEW YORK

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of New York.

1. Section 4.12 of the Franchise Agreement is revised to include the following:

"The Franchisor will not make an assignment except to an assignee who, in the Franchisor's good faith judgment, is willing and able to assume its obligations under the Agreement."

2. Sections 8.1 (relating to venue) of the Franchise Agreement are revised to include the following language:

"Provided, however, that all rights arising under Franchisee's favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied."

3. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of North Dakota.

1. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted.

2. Section 5.26 of the Franchise Agreement is revised to provide that covenants not to compete are generally considered unenforceable in the state of North Dakota.

3. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota. Therefore, any references in the Franchise Agreement to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.

4. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to agree to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business. Therefore, any references in the Franchise Agreement to any requirement that the franchisee consents to arbitration or mediation located outside of North Dakota are amended to include the following:

> "Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business."

5. Any references in the Franchise Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

6. Any references in the Franchise Agreement to any requirement to consent to a waiver of trial by jury are deleted.

7. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.

8. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

9. Any references in the Franchise Agreement requiring franchisee to consent to termination penalties or liquidated damages are deleted.

10. Any references in the Franchise Agreement requiring the franchisee to consent to a limitation of claims are deleted. The statute of limitations under North Dakota law applies.

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF RHODE ISLAND

Notwithstanding anything to the contrary set forth in Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Rhode Island.

1. Sections 8.1 and 8.3 of the Franchise Agreement are supplemented by the addition of the following:

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

2. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF SOUTH DAKOTA

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of South Dakota.

1. Section 6 of this Franchise Agreement is modified by adding the following at the end of the sentence:

   "Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination."

2. Section 5.26 of this Franchise Agreement is modified by adding the following at the end of the sentence:

   "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of South Dakota, except in certain instances as provided by law."

3. Section 8.2(b) of this Franchise Agreement is amended by adding the following at the end of the paragraph:

   "except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location."

4. Section 8.2(b) of this Franchise Agreement is amended to read as follows:

   Except for matters coming under the South Dakota Law, litigation and arbitration must be in Georgia.

5. Section 8.3 of this Franchise Agreement is amended to read as follows:

   "The law of South Dakota governs."

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF VIRGINIA

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Virginia.

1. Section 6.1 of the Franchise Agreement is modified by the insertion of the following at the end of such Section:

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default 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. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

WASHINGTON ADDENDUM
TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Washington.

1. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

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

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

4. 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.

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

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

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

8. 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.

9. Section 10 of the Franchise Agreement is hereby deleted in its entirety and replaced with [Intentionally Deleted].

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

_____
Name: _____

EXHIBIT B

ADDITIONAL STATE-REQUIRED DISCLOSURES

(attached)

We are required to provide you with additional information as a condition of registering our franchise offering in certain states. The additional disclosures are set out below. These additional disclosures apply with respect to a certain state only if the jurisdictional requirements of that state franchise law are met.

ADDITIONAL DISCLOSURES TO GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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 FDD.

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

OUR WEBSITE (WWW.GRANITEGARAGEFLOORS.COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

Item 3, Additional Disclosure. The following statement is added to Item 3:

"Neither we nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq*., suspending or expelling such persons from membership in such association or exchange."

Item 17, Additional Disclosures. The following statements are added to Item 17:

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

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 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 provides for application of the laws of Georgia. These provisions may not be enforceable under California law.

The Franchise Agreement contains a covenant not to solicit which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

You must sign a general release if you transfer your franchise or execute a successor Franchise Agreement. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement requires that any action you bring be commenced in Georgia. Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office. Any arbitration will be conducted in accordance with AAA Rules of Commercial Arbitration, before an arbitrator appointed by AAA. This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

California law requires that you obtain a contractor's license of the California Contractors State License Board (CSLB) if the total cost (labor and materials) of one or more contracts on the project is $500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to Limited Liability Companies (LLCs).

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF HAWAII

1. Granite Garage Floors Franchising, LLC's Franchise Disclosure Document is currently registered or exempt, or seeking registration or exemption, in the states of: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

2. The states in which Granite Garage Floors Franchising, LLC's Franchise Disclosure Document is or will be shortly on file: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

3. No state has refused, by order or otherwise, to register the franchise which is the subject of Granite Garage Floors Franchising, LLC's Franchise Disclosure Document.

4. No state has revoked or suspended the right to offer the franchise which is the subject of Granite Garage Floors Franchising, LLC's Franchise Disclosure Document.

5. Granite Garage Floors Franchising, LLC has not withdrawn the proposed registration of the Franchise Disclosure Document in any state.

6. The state cover page of the Granite Garage Floors Franchise Disclosure Document is amended to include the following:

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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR 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 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A

STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, State of Hawaii, 335 Merchant Street, Honolulu, Hawaii 96813

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, provides that any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

Each chart in Item 17 of the Franchise Disclosure Document is amended as follows:

"Termination for bankruptcy filing may not be enforceable under the United States Bankruptcy Act, but we intend to enforce it to the extent enforceable."

Items 17(c) and 17(m) are revised to provide that, under COMAR 02.02.08.16L, the general release required as a condition to renewal, sale, or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

Item 17(v) is modified by insertion of the following:

"Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the Franchise Disclosure Document and the Franchise Agreement are amended by the insertion of the following:

"The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether the forum selection requirement is legally enforceable."

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

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MINNESOTA

Trademarks. The following statement is added to Item 13:

> "To the extent required by the Minnesota Franchise Act, we will protect your right to use the trademarks service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs, or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement."

Choice of Forum and Law. The following statement is added to Item 17:

> Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the FDD or Franchise 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.

General Release. The following statement is added to Item 17:

> Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

Waiver of Right to Jury Trial and Consent to Liquidated Damages or Termination Penalties:

The following statement is added to Item 17:

> You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J, which among other things, prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes.

Notice of Termination. The following statement is added to Item 17(f):

> With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which require, except in certain specified cases, (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Release of Claims. The following statement in Item 17(c) and 17(m) of the Franchise Disclosure Document are amended to add the following:

"We cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment."

Limitation of Claims. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5 with respect to limitation of claims.

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

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THE FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THE FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OF PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH AS LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934,

suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to 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.

4. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend**," and Item 17(m), entitled **"Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee":**

You may terminate the agreement on any grounds available by law.

6. The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum"**, and Item 17(w), titled **"Choice of law"**:

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

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

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.

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

1. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17(c) and from any other place it appears in the Disclosure Document.

2. Item 17(r) is revised to provide that covenants not to compete, such as those mentioned in Item 17(r) of the Disclosure Document, are generally considered unenforceable in the state of North Dakota.

3. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota. Therefore, any references in the Disclosure Document to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.

4. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to agree to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business. Therefore, any references in the Disclosure Document to any requirement that the franchisee consents to arbitration or mediation located outside of North Dakota are amended to include the following:

   "Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business."

5. Any references in the Disclosure Document to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

6. Any references in the Disclosure Document to any requirement to consent to a waiver of trial by jury are deleted.

7. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.

8. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

9. Any references in the Disclosure Document requiring franchisee to consent to termination penalties or liquidated damages are deleted.

10. Any references in the Disclosure Document requiring the franchisee to consent to a limitation of claims are deleted. The statute of limitations under North Dakota law applies.

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

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF RHODE ISLAND

Item 17, Additional Disclosure. The following statement is added to Item 17:

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

ADDITIONAL DISCLOSURES TO GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF VIRGINIA

Item 17, Additional Disclosure. The following statement is added to Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default 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.

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

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

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

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

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

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or

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

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

The table in Item 17, Provision (d) of the Franchise Disclosure Document is amended and the term "Not Applicable" is hereby deleted and replaced with "You may terminate under any grounds permitted by applicable state law."

EXHIBIT C

GENERAL RELEASE

(attached)

GENERAL RELEASE

THIS GENERAL RELEASE ("Release") is executed on _____ by _____ _____ ("Franchisee"), _____ _____ ("Guarantors"), and _____ _____ ("Transferee") as a condition of (1) the transfer of the GGF Franchise Agreement dated [month] [day], [year] between Granite Garage Floors Franchising, LLC ("GGF") and Franchisee ("Franchise Agreement"); or (2) the execution of a successor Franchise Agreement by Franchisee and GGF. (If this Release is executed under the conditions stated in (2) above, all references in this Release to "Transferee" should be ignored.)

1. **Release by Franchisee, Transferee and Guarantors.** Franchisee and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the "Releasors") freely and without any influence forever release (i) GGF, (ii) GGF's past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and (iii) GGF's parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the "Released Parties"), from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims"), which any Releasor ever owned or held, now owns or holds, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releasor and GGF or GGF's parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. **Risk of Changed Facts.** Franchisee, Transferee, and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee, Transferee, and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. **Covenant Not to Sue.** Franchisee, Transferee, and Guarantors (on behalf of Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. **No Prior Assignment and Competency.** Franchisee, Transferee, and Guarantors represent and warrant that: (i) the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasor has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. **Complete Defense.** Franchisee, Transferee, and Guarantors: (i) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

7. **Counterparts.** This Release may be executed in two or more counterparts (including by facsimile), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8. **Capitalized Terms**. Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement.

The general release set forth in Section 1 shall not apply to any claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

IN WITNESS WHEREOF, Franchisee, Transferee, and Guarantors have executed this Release as of the date shown above.

FRANCHISEE:

By: _____

Print Name: _____

Title _____

Date: _____

TRANSFEREE:

By: _____

Print Name: _____

Title _____

Date: _____

GUARANTOR:

_____

Print Name: _____

Date: _____

EXHIBIT D

FINANCIAL STATEMENTS AND GUARANTEE OF PERFORMANCE

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

Consolidated Financial Report
December 31, 2022

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RSM US LLP

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in members' equity, and cash flows for the years ended December 31, 2022, 2021 and for the period from August 13, 2020 (Acquisition Date), through December 31, 2020, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (Acquisition Date), through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, the Company adopted new accounting guidance Accounting Standards Codification 842: Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

RSM US LLP

Detroit, Michigan
March 29, 2023

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

Consolidated Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	**$ 3,140,848**	$ 7,181,077
Accounts receivable, net	**2,959,600**	3,103,333
Inventory	**814,623**	643,430
Prepaid expenses and other current assets	**2,829,645**	824,037
Total current assets	**9,744,716**	11,751,877
Property and equipment, net	**2,322,195**	2,351,757
Other assets:		
Goodwill, net	**53,301,755**	46,891,935
Intangibles, net	**21,583,738**	20,870,313
Right of use asset - operating leases, net	**5,387,291**	-
Capitalized contract costs	**3,913,698**	2,797,306
Other assets	**367,951**	94,716
Total other assets	**84,554,433**	70,654,270
Total assets	**$ 96,621,344**	$ 84,757,904
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	**$ 2,742,183**	$ 535,257
Accrued expenses	**3,407,728**	3,371,998
Current portion of long-term debt	**284,372**	284,372
Operating lease liabilities, current	**1,294,361**	-
Current portion of deferred franchise and territory fees	**1,703,657**	3,035,222
Total current liabilities	**9,432,301**	7,226,849
Long-term debt, net	**27,158,660**	27,233,503
Deferred franchise and territory fees, net of current portion	**6,581,039**	3,820,652
Operating lease liabilities noncurrent	**4,181,062**	-
Other liabilities	**79,560**	210,500
	38,000,321	31,264,655
Total liabilities	**47,432,622**	38,491,504
Members' equity	**49,188,722**	46,266,400
Total liabilities and members' equity	**$ 96,621,344**	$ 84,757,904

See notes to consolidated financial statements.

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

Consolidated Statements of Operations
Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2022	2021	2020
Revenues:			
Recurring revenue	**$ 49,952,460**	$ 35,732,914	$ 5,781,317
Franchise fee revenue	**2,284,333**	1,148,834	283,548
Total revenues	**52,236,793**	36,881,748	6,064,865
Operating expenses:			
Cost of services	**10,370,829**	7,426,467	380,075
General and administrative expenses	**20,540,509**	13,518,147	2,434,096
Payroll and benefits	**23,860,189**	16,589,524	3,599,307
Depreciation and amortization expenses	**8,629,385**	6,451,934	1,473,992
Transaction expenses	**884,988**	2,054,118	3,045,954
Total operating expenses	**64,285,900**	46,040,190	10,933,424
Loss from operations	**(12,049,107)**	(9,158,442)	(4,868,559)
Other expense (income):			
Interest expense (income)	**2,434,486**	1,364,806	(2,689)
Other (income) expense	**(211,155)**	(135,282)	19,673
Other expense	**2,223,331**	1,229,524	16,984
Net loss	**$ (14,272,438)**	$ (10,387,966)	$ (4,885,543)

See notes to consolidated financial statements.

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

Consolidated Statements of Changes in Members' Equity
Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

Balance, August 13, 2020 - Pushdown of basis from Riverside, net of transaction expenses	$ 29,879,014
Contributed capital related to acquisitions	25,392,955
Net loss	(4,885,543)
Balance, December 31, 2020	50,386,426
Issuance of Class A units	1,150,000
Contributed capital related to acquisitions	5,150,000
Foreign currency translation	(32,060)
Net loss	(10,387,966)
Balance, December 31, 2021	46,266,400
Issuance of Class A units	774,578
Contributed capital related to acquisitions	16,500,000
Foreign currency translation	(79,818)
Net loss	(14,272,438)
Balance at December 31, 2022	**$ 49,188,722**

See notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows
Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2022	2021	2020
Cash flows from operating activities:			
Net loss	**$ (14,272,438)**	$ (10,387,966)	$ (4,885,543)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	**8,569,099**	6,370,658	1,473,992
Accretion of debt issuance costs	**209,532**	122,886	-
Gain on sale of fixed assets	**(24,018)**		
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	**370,896**	(487,558)	556,040
Prepaid expenses and other current assets	**(2,005,608)**	407,111	(590,962)
Inventories	**(78,308)**	(476,180)	-
Capitalized contract costs	**(1,084,997)**	(1,228,179)	(41,967)
Other assets	**(118,426)**	162,394	(12,037)
Accounts payable and accrued expenses	**2,140,788**	1,252,712	(341,995)
Deferred franchise and territory fees	**1,098,016**	330,255	7,041
Other liabilities	**(130,940)**	210,500	-
Operating lease assets and liabilities	**86,293**	-	-
Net cash used in operating activities	**(5,240,111)**	(3,723,367)	(3,835,431)
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	**(13,858,805)**	(13,460,421)	(22,841,392)
Purchase of property and equipment	**(544,325)**	(972,162)	(73,905)
Purchases of intangibles assets	**-**	(200,000)	-
Proceeds from sales of equipment	**192,627**	208,379	-
Net cash used in investing activities	**(14,210,503)**	(14,424,204)	(22,915,297)
Cash flows from financing activities:			
Borrowings on long-term debt	**-**	16,000,000	12,500,000
Payment of debt issuance costs	**-**	(551,094)	(410,323)
Payments on long-term debt	**(284,375)**	(143,594)	(533,611)
Proceeds from capital contributions	**15,774,578**	1,150,000	22,638,948
Net cash provided by financing activities	**15,490,203**	16,455,312	34,195,014
Effect of exchange rate changes on cash	**(79,818)**	(42,530)	-
Net (decrease) increase in cash and cash equivalents	**(4,040,229)**	(1,734,789)	7,444,286
Cash and cash equivalents, beginning	**7,181,077**	8,915,866	1,471,580
Cash and cash equivalents, ending	**$ 3,140,848**	$ 7,181,077	$ 8,915,866

(Continued)

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

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2022	2021	2020
Supplemental disclosures of cash flow information:			
Interest paid	**$ 2,001,525**	$ 1,077,276	$ -
Income taxes paid	**$ -**	$ -	$ -
Supplemental schedule of noncash operating, investing and financing activities:			
Pushdown accounting of acquisition of business:			
Net assets acquired	**$ -**	$ -	$ 11,892,873
Goodwill	**-**	-	18,063,821
Subtotal	**-**	-	29,956,694
Pushdown of basis from Riverside, net of transaction costs	**-**	-	(29,879,014)
Working capital adjustment	**-**	-	(77,680)
	$ -	$ -	$ -
Acquisition of businesses:			
Assets acquired	**$ 3,538,411**	$ 6,096,407	$ 12,467,823
Liabilities assumed	**(478,214)**	(2,105,264)	(3,560,093)
Net identifiable assets acquired	**3,060,197**	3,991,143	8,907,730
Goodwill	**12,428,214**	15,536,934	18,530,396
Net assets acquired	**15,488,411**	19,528,077	27,438,126
Less cash acquired	**(129,606)**	(917,656)	(2,087,657)
Add due from seller	**-**	-	244,930
Less units issued as consideration	**(1,500,000)**	(5,150,000)	(2,754,007)
Cash purchase price	**$ 13,858,805**	$ 13,460,421	$ 22,841,392

See notes to consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

PHP was established in 2011. It provides HVAC and plumbing services to residential customers throughout Indiana. PHP offers HVAC system repairs, HVAC system replacements, plumbing system repairs, and recurring maintenance check-ins. PHPF is a newly established franchisor that will sell franchises providing services similar to PHP.

GGFA was established in 1980. The company provides upgrading of concrete surfaces (garage floors, basements, workshops, unfinished spaces, exterior porches, and patios) with an industrial coating system with finishes appearing like Granite, Quartz, Stone, Metallic or Terrazzo. GGFF will sell franchises providing services similar to GGFA.

Note 1. Summary of Significant Accounting Policies (Continued)

Significant accounting policies:

Basis of presentation: The consolidated balance sheets are presented as of December 31, 2022 and 2021. The consolidated statements of operations, changes in members' equity, and cash flows are presented for the year ended December 31, 2022, 2021, and for the period August 13, 2020 (acquisition date), through December 31, 2020. The accompanying consolidated financial statements of the Company include its wholly owned subsidiaries.

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Revenue recognition
Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement beginning when the agreement is signed. Franchise agreements typically have a term of five to 10 years with the option to renew for an additional five years if the franchisee is in compliance with the terms of the franchise agreement.

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its franchisees and customers to make required payments. Management considers the following factors when determining the collectability of specific accounts: credit worthiness of franchisees, past transaction history with the franchisee, current economic industry trends, and changes in franchisee payment terms. Certain franchisees are on payment plans for outstanding balances but continue to make payments in accordance with the established payment plans. If the financial conditions of the Company's franchisees or customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to the allowance. Accounts receivable that remain outstanding after the Company has made reasonable collection efforts are written off against the allowance and a credit to accounts receivable. Recoveries of accounts receivable previously written off are recorded when received. The allowance for doubtful accounts on accounts receivable was approximately $505,000, and $491,000, at December 31, 2022 and 2021 respectively.

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

Franchisor advertising: Advertising costs of the franchisor are charged against income during the period the advertising is displayed. Advertising costs are expensed as incurred and totaled approximately $1,863,000, $2,148,000, and $184,000 for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively.

Software development costs: Costs for software developed for internal use are accounted for in accordance with ASC 350, Intangibles – Goodwill and Other - Internal-Use Software. ASC 350 requires the capitalization of certain costs incurred in connection with developing or obtaining internal-use software. In accordance with ASC 350, the Company expenses costs incurred in the preliminary project stage of developing or acquiring internal use software, such as research and feasibility studies, as well as costs incurred in the post-implementation/operational stage, such as maintenance and training. Capitalization of software development costs occurs only after the preliminary project stage is complete, management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. Costs associated with the purchase and development of computer software are capitalized and amortized on a straight-line basis over the estimated useful life of the related asset. Software development costs are recorded in property and equipment in the accompanying consolidated balance sheets. The Company capitalized software development costs. There were no capitalized costs for the year ended December 31, 2022 and approximately $130,000 of capitalized software costs for the year ended December 31, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its various asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred. Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of approximately $6.67 million and $6.71 million, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

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

The FASB provides guidance for how uncertain tax provisions should be recognized, measured, disclosed, and presented in the consolidated financial statements. The Company identifies its tax positions taken or expected to be taken in the course of preparing its tax returns and determines whether any tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Management has determined that there are no uncertain tax positions at December 31, 2022, 2021, nor for the period from August 13, 2020 (acquisition date), through December 31, 2020.

Debt issuance costs: Debt issuance costs are carried at cost less accumulated amortization as a direct deduction from the carrying amount of the related loan. The costs are amortized over the term of the related loan using a method that approximates the effective interest rate method. Amortization expense is classified in interest expense in the accompanying consolidated statements of operations. Amortization expense recognized on debt issuance costs was approximately $210,000, $123,000, and de minimus as of December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Recent accounting pronouncements: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and does not expect the impact to be significant.

***Subsequent events*:** The Company evaluated subsequent events for potential required disclosure through March 29, 2023, which is the date the consolidated financial statements were available to be issued.

Note 2. Acquisition of Businesses

HS Group: On August 13, 2020, by the effects of the purchase agreement, Riverside acquired HS Group Holding Company, LLC which at the time included the entities of MaidPro, Flyfoe and Men in Kilts, in exchange for fair value of total consideration of $29,956,694.

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

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

Note 2: Acquisition of Businesses (Continued)

The business combination was accounted for under the acquisition method of accounting. In accordance with the pushdown basis of accounting, the net assets of the Company were adjusted to their estimated fair values as of the date of acquisition. The total consideration and net assets of the Company are summarized in the following table:

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

The fair value of the 2,650 Class A Units was determined on the basis of contemporaneous contributed capital of other members' of the Company's Class A Units on the acquisition date.

As of December 31, 2020, the Company had not yet finalized the purchase price allocation. During the year ended December 31, 2021, the Company made adjustments to the preliminary purchase price allocation as additional information became available. Accordingly, the Company recorded an adjustment to Goodwill of approximately $91,000.

In connection with the transaction, Riverside incurred $1,307,039 of transaction expenses which were netted with the total pushdown of basis from Riverside within the consolidated statement of changes in members' equity.

Of the $11,555,000 of identified intangible assets, $7,258,000 was assigned to franchise agreements (10-year life), $2,610,000 was assigned to trade names (20-year life), and $1,687,000 to developed software (7-year life).

Note 2: Acquisition of Businesses (Continued)

Pestmaster: Effective September 23, 2020, the Company acquired 100% of the membership interest in PFN, PSI and Kaigan for total consideration of $9,970,416.

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

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

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

Consideration:	
Cash	$ 9,290,124
1,000 Class A Units of HS Group Holding Company, LLC	864,150
Due from seller	(183,858)
Total invested capital	$ 9,970,416
Recognized amount of identifiable assets acquired and liabilities assumed:	
Cash	$ 30,402
Receivables	849,588
Prepaid expenses and other assets	32,436
Capitalized contract costs	89,523
Notes receivable	67,356
Property and equipment	851,603
Intangible assets	2,796,000
Accounts payable	(289,723)
Accrued expenses and other liabilities	(360,622)
Deferred franchise and territory fees	(601,732)
Notes payable	(533,611)
Total identifiable net assets acquired	2,931,220
Goodwill	7,039,196
	$ 9,970,416

The fair value of the 1,000 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

As of December 31, 2020, the Company had not yet finalized the purchase price allocation. The Company was in on-going negotiations with the seller on the working capital adjustment. During the year ended December 31, 2021, the Company made adjustments to consideration and the preliminary purchase price allocation as additional information became available and the working capital adjustment was finalized. Accordingly, the Company recorded an adjustment to Goodwill of $133,000 during the period, primarily related to the working capital adjustment.

Note 2: Acquisition of Businesses (Continued)

In connection with the transaction, the Company incurred $1,663,661 of transaction expenses which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $2,796,000 of identified intangible assets, $1,879,000 was assigned to franchise agreements (10-year life) and $917,000 was assigned to trade names (20-year life).

USA Insulation: Effective December 23, 2020, the Company acquired 100% of the interest in USA, USAE and FDIE for total consideration of $17,283,852.

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

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

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

Consideration:	
Cash	$ 15,638,925
Due from seller	(244,930)
2,200 Class A Units of HS Group Holding Company, LLC	1,889,857
Total invested capital	$ 17,283,852
Recognized amount of identifiable assets acquired and liabilities assumed:	
Cash	$ 2,057,255
Receivables	362,950
Prepaid expenses and other assets	210,738
Capitalized contract costs	321,014
Notes receivable	34,678
Property and equipment	602,280
Intangible assets	4,162,000
Accounts payable	(163,956)
Accrued expenses and other liabilities	(549,809)
Deferred franchise and territory fees	(1,111,051)
Total identifiable net assets acquired	5,926,099
Goodwill	11,357,753
	$ 17,283,852

The fair value of the 2,200 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $1,382,293 of transaction expenses which were expensed as incurred in the accompanying consolidated statement of operations.

Note 2. Acquisition of Businesses (Continued)

Of the $4,162,000 of identified intangible assets, $1,605,000 was assigned to franchise agreement (10-year life), $1,476,000 was assigned to trade names (20-year life) and $1,081,000 was assigned to trade secrets (25-year life).

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

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

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

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

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

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

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

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

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2022	2021
Equipment	$ 715,331	$ 594,155
Vehicles	1,773,069	1,408,474
Furniture and fixtures	97,051	74,083
Leasehold improvements	629,288	503,139
Work in process	68,915	-
Software development costs	133,357	133,357
Total property and equipment	3,417,011	2,713,208
Less accumulated depreciation and amortization	(1,094,816)	(361,451)
Property and equipment, net	$ 2,322,195	$ 2,351,757

Depreciation expense for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, was approximately $428,000, $297,000, and $64,000 respectively.

Note 4. Intangible Assets and Goodwill

Following is a summary of intangible assets:

	December 31, 2022			
	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	8.04	$ 15,351,284	$ 3,023,790	$ 12,327,494
Trade names	18.12	7,821,407	736,027	7,085,380
Software	4.62	1,776,300	599,008	1,177,292
Trade secrets	22.98	1,081,000	87,428	993,572
		$ 26,029,991	$ 4,446,253	$ 21,583,738
Goodwill	8.26	$ 64,527,306	$ 11,225,551	$ 53,301,755

Note 4: Intangible Assets and Goodwill (Continued)

	December 31, 2021			
	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	9.03	$ 13,600,000	$ 1,544,043	$ 12,055,957
Trade names	19.08	6,789,000	364,499	6,424,501
Software	5.62	1,687,000	333,957	1,353,043
Trade secrets	23.98	1,081,000	44,188	1,036,812
		$ 23,157,000	$ 2,286,687	$ 20,870,313
Goodwill	9.08	$ 52,088,447	$ 5,196,512	$ 46,891,935

The change in the carrying value of goodwill for the years ended December 31, 2022 and 2021, is as follows:

Balance at December 31, 2020	$ 35,677,018
Additions of goodwill	15,536,934
Amortization expense	(4,279,313)
Measurement period adjustment	(42,704)
Balance at December 31, 2021	46,891,935
Additions of goodwill	12,433,214
Amortization expense	(6,023,394)
Balance at December 31, 2022	$ 53,301,755

A measurement period adjustment was recorded in 2021 that related primarily to the working capital adjustment for the acquisition of Pestmaster and an adjustment to notes receivable for the acquisition of HS Group Holding Company, LLC. The net effect adjusted goodwill by approximately $43,000. The effect of amortization expense was de minimis.

Amortization expense recognized on intangible assets and goodwill totaled approximately $2,100,000 and $6,020,000, respectively, as of December 31, 2022. Amortization expense recognized on intangible assets and goodwill totaled approximately $1,800,000 and $4,280,000, respectively, as of December 31, 2021. Amortization expense recognized on intangible assets and goodwill totaled approximately $493,000 and $917,000, for the period August 13, 2020 (acquisition date) through December 31, 2020, respectively.

Note 4: Intangible Assets and Goodwill (Continued)

The future estimated aggregate amortization expense for intangibles and goodwill as of December 31, 2022, is as follows:

	Goodwill	Intangibles
Years ending December 31:		
2023	$ 6,452,731	$ 2,259,116
2024	6,452,731	2,259,116
2025	6,452,731	2,259,116
2026	6,452,731	2,259,116
2027	6,452,731	2,259,116

Note 5. Long-Term Debt

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

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

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

On May 13, 2022 and August 24, 2022 the Company signed the Third and Fourth Amendments, respectively. These amendments had no impact to cash flows and were to allow for the acquisition of Granite Garage and to update the definition of EBITDA, as it relates calculations required to be performed to confirms that the Company has met its debt covenants.

The interest rate is a floating rate equal to the lesser of London Interbank Offered Rate (LIBOR) plus the applicable margin and the maximum rate, as defined in the credit agreement, which is 9.2% as of December 31, 2022. Principal payments are due quarterly on the first day of each quarter in an amount equal to $71,093 and with a balloon payment on December 23, 2025. There is $28,072,031 outstanding on the senior secured term loan at December 31, 2022, and nothing drawn down on the revolving loan or the additional term loans.

The credit agreement includes certain ratios and excess cash flow payments. The credit agreement is collateralized by all business assets of the Company. As of December 31, 2022, the Company was in compliance with its debt covenants.

Note 5. Long-Term Debt (Continued)

Amortization expense recognized on debt issuance costs was approximately $210,000, $123,000, and de minimus as of December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively.

A summary of long-term debt is as follows as of December 31, 2022:

	2022	2021
Term loan	$ 28,072,031	$ 28,356,406
Less unamortized debt issuance costs	(628,999)	(838,531)
Less current portion	(284,372)	(284,372)
	$ 27,158,660	$ 27,233,503

Future maturities of long-term debt are as follows:

2023	$ 284,372
2024	284,372
2025	27,503,287
	$ 28,072,031

Note 6. Leases

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

Operating lease cost is recognized on a straight-line basis over the lease term. Lease expense is approximately $1,426,819 for the year ended December 31, 2022. Weighted average lives remaining on lease terms are 4-10 years and the weighted average discount rates are 1.00%.

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2022:

Operating leases	
Operating cash outflows—payments on operating leases	$ 1,379,117
Right-of-use assets in exchange for new lease obligations:	
Operating leases	$ 6,670,560

Note 6. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2022:

Years ending December 31:	
2023	$ 1,291,303
2024	1,277,119
2025	1,220,701
2026	594,701
2027	288,550
Thereafter	803,049
Total lease payments	5,475,423
Less imputed interest	172,113
Total present value of lease liabilities	$ 5,647,536

Future minimum rentals, as determined under Topic 840, for all non-cancelable leases as of December 31, 2021 payments are as follows:

2022	$ 1,304,478
2023	1,215,191
2024	1,215,070
2025	1,118,024
2026	400,947
Thereafter	564,049
	$ 5,817,759

Note 7. Commitments and Contingencies

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

Related-party transaction: A company related to the Company's majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in general and administrative expense on the accompanying consolidated statements of operations. The total expense for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, is approximately $295,000, $294,000 and $100,800, respectively.

Note 8. Members' Equity

Members' equity consisted of the following membership units:

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

	2021	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	62,608
Class B Units	6,510	5,137

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

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

The Company has issued 8,415, 6,452, 1,367 units to certain management employees as of December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively. The units substantially vest upon a change in control of the Company, if still employed. The fair value of the awards at the date of grant is estimated using option pricing models. The expected terms assumption reflects the period for which the Company believes the awards will remain outstanding and is based on the expected behavior of the award holders. The Company determined the volatility of the fair value of its units through comparison to similar entities considering such characteristics as industry, stage of life cycle, size, and financial leverage. The risk free rate reflects the U.S. Treasury yield curve for similar expected life instruments in effect at the time of grant. During the years ended December 31, 2022 and 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020 there were 4,231, 1,314, and zero cumulative units forfeited, respectively.

For the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020 there was unrecognized compensation costs related to the Class B Units of approximately $943,000, $2,250,000 and $504,000, respectively. The unrecognized compensation costs will be recognized at the time the vesting criterion is probable to occur.

GUARANTEE OF PERFORMANCE

For value received, **HS GROUP HOLDING COMPANY, LLC**, a Delaware limited liability company (the "Guarantor"), located at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111, absolutely and unconditionally guarantees to assume the duties and obligations of **GRANITE GARAGE FLOORS FRANCHISING, LLC**, located at 110 Mansell Circle Suite 375, Roswell, Georgia 30075 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 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 Santa Monica (city), California (state), on the 29 day of March, 2023.

GUARANTOR:

HS GROUP HOLDING COMPANY, LLC

By: Caroline Peck

Name: Caroline Peck

Its: Vice President and Manager

GRANITE GARAGE FLOORS FRANCHISING, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2020

GRANITE GARAGE FLOORS FRANCHISING, LLC
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AKIVA MANNE
CERTIFIED PUBLIC ACCOUNTANT
905 HARRISON ST ALLENTOWN, PA 18103

INDEPENDENT AUDITOR'S REPORT

To the Members of
Granite Garage Floors Franchising, LLC

We have audited the accompanying financial statements of Granite Garage Floors Franchising, LLC which comprise the balance sheet as of December 31, 2030 and the related statements of operations, changes in members' equity, and cash flows for the year ended December 31, 2020, and the related notes to financial statements. The financial statements for the year ending December 31, 2019 were audited by other auditors whose report dated April 14, 2020 included an unqualified opinion of those statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Granite Garage Floors Franchising, LLC as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Akiva Manne, CPA
July 7, 2021

GRANITE GARAGE FLOORS FRANCHISING, LLC
BALANCE SHEETS

	DECEMBER 31	
	2020	2019
ASSETS		
Current assets		
Cash	$ 230,904	$ 165,810
Accounts receivable	123,722	102,366
Due from related parties	27,006	2,600
Total Assets	$ 381,632	$ 270,776
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	$ 60,283	$ 40,213
Deferred revenue	25,302	15,140
Total Current Liabilities	85,585	55,353
Deferred revenue, net of current	190,148	117,216
Members' equity	105,899	98,207
Total Liabilities and Members' Equity	$ 381,632	$ 270,776

See notes to financial statements

GRANITE GARAGE FLOORS FRANCHISING, LLC
STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY

	YEARS ENDING DECEMBER 31	
	2020	2019
Revenue		
Royalties	$ 386,821	$ 233,505
Franchise Fees	38,528	121,450
Other Income	24,364	—
	449,713	354,955
Operating Expenses	284,096	192,423
Income from Operations	165,617	162,532
Grant Income - PPP and EIDL	11,470	—
Net Income	177,087	162,532
Members' Equity - Beginning	98,207	108,532
Restatement - Revenue Recognition	—	(132,356)
Members' Distributions	(169,395)	(40,501)
Members' Equity - End of Year	$ 105,899	$ 98,207

See notes to financial statements

GRANITE GARAGE FLOORS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDING DECEMBER 31	
	2020	2019
Cash from Operating Activities		
Net Income from Operations	$ 177,087	$ 162,532
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Accounts receivable	(21,356)	(43,517)
Due from related parties	(24,406)	(2,600)
Accounts payable	20,070	37,733
Deferred revenue	83,094	—
	234,489	154,148
Cash from Investing Activities		
Member distributions	(169,395)	(40,501)
Increase in cash	65,094	113,647
Cash - Beginning of Period	165,810	52,163
Cash - End of Period	$ 230,904	$ 165,810

See notes to financial statements

GRANITE GARAGE FLOORS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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1. THE COMPANY

Granite Garage Floor Franchising, LLC ("the Company") was formed as a limited liability company in June 2013. The Company was formed to grant the rights to own and operate a business that markets and installs residential floor coating systems that look and last like granite. The Company shall grant each franchisee a nontransferable right to license to use the "System", the proprietary methods, the proprietary marks and to provide services in accordance with the franchised business which includes certain trade names, service marks, trademarks, logos, and emblems.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Granite Garage Floor Franchise for a specified number of years.

Concentration of Credit Risk-financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents and franchisee accounts receivable. The balances in the Company's cash accounts did exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

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

Taxes on Income-The Company has elected to be taxed as an S corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the member and is reported on his individual income tax returns. Therefore, no provision or liability for federal income tax has been included in the financial statements.

3. REVENUE RECOGNITION

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)*", that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard changed how the Company records initial franchise fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

The new standard requires that the franchise fee received from franchisees be allocated to distinct performance obligation. The following services ("distinct performance obligations") are typically provided by the Company prior to the opening of a franchise location.

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiations.
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business; and
- Inspection, testing, and other quality control programs.

The transaction price attributable to distinct performance obligations are then be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation is amortized over the life of the related franchise agreement.

Brokerage and employee commissions paid for the sale of a franchise are also affected by the changes in revenue recognition for franchise fees. Commissions paid are recognized as an expense in the same ratio as franchise fees are recognized as a percentage of the total fee paid. Any unrecognized fees paid are classified as deferred franchise fee expense on the balance sheet.

Upon adoption as of January 1, 2020, the Company recorded an increase in deferred revenue and a cumulative adjustment to increase retained earnings by $132,356 on their Balance Sheets.

4. DEFERRED FRANCHISE FEES

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2020 and 2019, were $215,450 and $132,356, respectively.

5. RELATED PARTY TRANSACTIONS

From time to time, the Company makes advances to related parties or companies with common ownership. These advances bear no interest and are payable upon demand. At December 31, 2020 and 2019, the balances due from related parties were $27,006 and $2,600, respectively.

6. COVID-19 AND THE PAYCHECK PROTECTION PROGRAM

The global outbreak of COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. government in March 2020 and has negatively affected the U.S. economy. The continuing impact on the Company's business has contributed to and may continue to have a material adverse effect on the Company's business, results of operations, financial condition, and cash flows.

During the second quarter of 2020 the Company received an unsecured loan in the amount of $10,470 under the Paycheck Protection Program (the "PPP") plus an EIDL grant of $1,000, which was established under the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act"). Under the CARES Act loan forgiveness is available for the sum of documented payroll costs, covered rent payments and covered utilities during the measurement period beginning on the date of first disbursement of the PPP loans.

The PPP loan matures five years from the date of the first disbursement of proceeds to the Company and accrues interest at a fixed rate of 1%. Payments are deferred for at least the first six months and payable in 54 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP loan date.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities to a for-profit entity. The Company determined it most appropriate to account for the PPP loan proceeds as an in-substance government grant because the Company has applied for forgiveness and believes it is reasonably certain they have met the qualifications for forgiveness. The Company has elected to recognize government grant income separately within other income to present a clear distinction in its financial statements between its operating income and the amount of net income resulting from the PPP loan and subsequent forgiveness.

7. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through July 7, 2021, the date the financial statements were available to be issued.

EXHIBIT E

OPERATIONS MANUAL TABLE OF CONTENTS

(attached)

GGF Operations Manual

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EXHIBIT F

LIST OF STATE ADMINISTRATORS

AND

AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS

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

CALIFORNIA California Department of Financial Protection and Innovation Franchise Division 2101 Arena Boulevard Sacramento, California 95834 Toll Free (866) 275-2677 Ask.DFPI@dfpi.ca.gov (email)	**CONNECTICUT** State of Connecticut Department of Banking Securities Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230 Agent: Banking Commissioner
HAWAII (state administrator) Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (for service of process) Commissioner of Securities	**ILLINOIS** Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**MARYLAND** (state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (for service of process) Maryland Securities Commissioner

MICHIGAN Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48931 (517) 335-7567	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1638 (for service of process) Minnesota Commissioner of Commerce
NEW YORK (state administrator) NYS Department of Law Investor Protection Bureau 28 Liberty Street 21st Floor New York, New York 10005 (212) 416-8222 (for service of process) New York Secretary of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492	**NORTH DAKOTA** North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fourteenth Floor Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 (for service of process) Securities Commissioner
OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	**RHODE ISLAND** Rhode Island Department of Business Regulation 1511 Pontiac Avenue, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527

SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, South Dakota 57501 (605) 773-3563	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
WASHINGTON (state administrator) Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760 (for service of process) Director of Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501 (360) 902-8760	**WISCONSIN** (state administrator) Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-8557 (for service of process) Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705

EXHIBIT G

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2022

Arizona
Chris Morgan 3480 S. Camellia Pl. Chandler, AZ 85248 480-404-2499
Colorado
Todd Carstens 757 E 20th Avenue, Suite 370-440 Denver, Colorado 80205 720-420-1210
Florida
Sean Franco 554 South Crescent Drive Hollywood, FL 33021 954-558-9056
Gil Mandel 1904 Dewitt St. Panama City, FL 32401 850-771-8554
Rich Whiddon 9668 Woodmont Place Windermere, FL 34786 407-235-4425
Kansas
Greg Slicker 2319 West 84th Street Leawood, KS 66206 612-919-6124
Maryland
Keith McQuaid 5218 Tilbury Way Baltimore, MD 21212 410-925-5681
Nebraska
David Vincent 7931 Lillibridge St. Lincoln, NE 68506 402-902-9555
North Carolina
Keith O'Dell 4609 Myers Park Drive Durham, NC 27707 919-886-3110
Justin Roche 13663 Providence Road, Suite 329 Weddington, NC 28104 704-900-4383

Tennessee
Dan Minninger 626 Deer Valley Drive Hixson, TN 37343 423-661-9555
Hal Bruen 2230 Southgate Blvd, Suite D Murfreesboro, TN 37128 615-398-4539
Texas
Scott Schafer 2600 E. Southlake Blvd, Suite 120-161 Southlake, TX 76092 817-789-5146
Virginia
Kerry Gilbert 1245-G Cedar Rd, #221 Chesapeake, VA 23322 757-375-6408

Franchise Agreements Signed but Outlets Not Open as of December 31, 2022

State	Name of Franchisee	Address	Phone Number
FL	Keith J. Stopko	12715 Wheatgrass Court, Parrish, FL 34219	732-684-8645
FL	Keith J. Stopko	12715 Wheatgrass Court, Parrish, FL 34219	732-684-8645
TX	Drake Reynolds and Richard Sanchez	11844 Bandera Road, #474, Helotes, TX 78023	210-386-9441

Franchisees Who Have Left the System as of December 31, 2022

None

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	April 25, 2023 [Amendment Pending]
Hawaii	April 8, 2023 [Amendment Pending]
Illinois	March 31, 2023, as amended August __, 2023
Indiana	March 31, 2023, as amended August __, 2023
Maryland	April 21, 2023 [Amendment Pending]
Michigan	March 31, 2023, as amended August __, 2023
Minnesota	April 21, 2023 [Amendment Pending]
New York	May 10, 2023 [Amendment Pending]
North Dakota	April 14, 2023 [Amendment Pending]
Rhode Island	May 19, 2023 [Amendment Pending]
South Dakota	March 31, 2023, as amended August __, 2023
Virginia	April 5, 2023 [Amendment Pending]
Washington	May 4, 2023 [Amendment Pending]
Wisconsin	March 31, 2023, as amended August __, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT (our copy)

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Granite Garage Floors Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires we give you this disclosure document at least 10 business days before the execution of any franchise or other agreement or the payment of any consideration, whichever occurs first.

If Granite Garage Floors Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit F.

The Franchisor is Granite Garage Floors Franchising, LLC, 10945 State Bridge Road, Suite 401-171, Alpharetta, Georgia 30022, Tel. (770) 329-1751.

The Franchise Seller for this offering is Ron Bender, 10945 State Bridge Road, Suite 401-171, Alpharetta, Georgia 30022, Tel. (587) 430-1235 ext 205.

Franchise Seller:_____
Name/Address/Telephone Number

Issuance Date: March 31, 2023, as amended August 2, 2023

See Exhibit F for our registered agents authorized to receive service of process.

I received a disclosure document dated March 31, 2023, as amended August 2, 2023 that included the following Exhibits:

A. Franchise Agreement	E. Operations Manual Tables of Contents
B. State Specific Addenda and Riders	F. State Administrators and Agents for Service of Process
C. General Release	G. List of Franchisees
D. Financial Statements and Guarantee of Performance	

Date: _____ _____
(Do not leave blank) Signature of Prospective Franchisee

Print Name:

Please sign this copy of the receipt, date your signature, and return it to Granite Garage Floors Franchising, LLC, 10945 State Bridge Road, Suite 401-171, Alpharetta, Georgia 30022, Tel. (770) 329-1751.

RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Granite Garage Floors Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires we give you this disclosure document at least 10 business days before the execution of any franchise or other agreement or the payment of any consideration, whichever occurs first.

If Granite Garage Floors Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit F.

The Franchisor is Granite Garage Floors Franchising, LLC, 10945 State Bridge Road, Suite 401-171, Alpharetta, Georgia 30022, Tel. (770) 329-1751.

The Franchise Seller for this offering is Ron Bender , 10945 State Bridge Road, Suite 401-171, Alpharetta, Georgia 30022, Tel. (587) 430-1235 ext 205.

Franchise Seller:_____
Name/Address/Telephone Number

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Date: _____ _____
(Do not leave blank) Signature of Prospective Franchisee

Print Name:

Please sign this copy of the receipt, date your signature and retain this copy for your records.
4857-9671-0001, v. 3