# FRANCHISE DISCLOSURE DOCUMENT

B & P Burke, LLC
A California Limited Liability Company
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We offer franchises for businesses that specialize in estates sale and business liquidation services under the tradename GRASONS®.

The total investment necessary to begin operation of a GRASONS® franchise is $71,550 to $120,100. This includes $49,900 that must be paid to the franchisor or affiliate.

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

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, please contact B & P Burke, LLC at 8100 E. Indian School Road, Suite 201, Scottsdale, Arizona 85251 and 714-846-3800.

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.

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## 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 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?** | Exhibit E 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 GRASONS® 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 GRASONS® franchisee?** | 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. |


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## 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 clients, what you sell, how you market, and your hours of operation.

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

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

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

### Some States Require Registration

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

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


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## Special Risks to Consider About *This* Franchise

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

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

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

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.

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

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.


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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

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**EXHIBITS**


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|---|---|
| EXHIBIT "A" | State Administrators and Agents for Service of Process |
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| EXHIBIT "C" | Franchise Agreement (with Guaranty and Brand Protection Agreement) |
| EXHIBIT "D" | Form of General Release |
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| EXHIBIT "E"-1 | Guaranty of Performance |
| EXHIBIT "F" | Operations Manual Table of Contents |
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| EXHIBIT "H" | State Addenda to Disclosure Document and Franchise Agreements |
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## ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

In this disclosure document, "we", "us," or "our" refers to B & P Burke, LLC, the franchisor. "You" means the person to whom we grant a Franchise. If you are an entity, each owner must sign our Guaranty and Non-Compete Agreement, which means that all of the Franchise Agreement's provisions also will apply to your owners.

### Corporate Information

We are a California limited liability company that was incorporated on May 8, 2014 (originally as a corporation). We converted to a limited liability company on November 16, 2022. Our principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, Arizona 85251. Our phone number is 714-846-3800. We do business under our corporate name as well as the following tradenames Grasons and Grasons Co. Our agents for service of process are disclosed in EXHIBIT "A" (for franchise registration states) and EXHIBIT "B" (for other states).

### Our Business History

We began offering GRASONS® franchises ("Franchises") in November 2014. We engage in no business activities other than offering franchises for GRASONS® businesses and administering the franchise system. We have never offered franchises in any other line of business. We have never directly owned and operated a GRASONS® business.

### Predecessors, Parents and Affiliates

We do not have any predecessors. Our direct and indirect parent companies include:

| PARENT COMPANIES | | |
|---|---|---|
| **Company Name** | **Principal Business Address** | **Direct or Indirect Parent** |
| Evive Brands, LLC ("Evive") | Same as ours | Direct |
| EHC Holding Company, LLC ("EHCH") | 630 Fifth Avenue, Suite 400<br>New York, New York 10111 | Indirect |
| Riverside Micro-Cap Fund VI-A, L.P.* | 45 Rockefeller Center<br>630 Fifth Avenue, Suite 400<br>New York, New York 10111 | Indirect |

* Riverside Micro-Cap Fund VI-A, L.P. is part of The Riverside Company, which is a global private equity firm that: (a) focuses on investing in and acquiring growing businesses; and (b) manages the investment funds that are the owner of EHCH. Riverside Micro-Cap Fund VI-A, L.P. indirectly acquired our franchise system in November 2021.

We do not have any affiliates that provide goods or services to our franchisees. As further described in the table below, we have 6 affiliates that offer franchises in other lines of business. None of these affiliates have operated a GRASONS® business.

| AFFILIATE FRANCHISING COMPANIES | | | | |
|---|---|---|---|---|
| **Franchised Business** | **Name of Affiliate Franchisor** | **Principal Place of Business** | **Period of Time Franchises Offered by Affiliate** | **Number of Open Franchisees in US (as of 12/31/2025)** |
| 1. Executive Home Care | Executive Home Care Franchising, LLC | Same as ours | June 2012 to present | 79 |
| 2. Assisted Living Locators | ALL Franchising, LLC | Same as ours | August 2022 to present | 171 |
| 3. Brothers Gutters | Brothers Parsons Franchising LLC | Same as ours | November 2023 to present | 401 |
| 4. Maid Brigade | MB Franchise Holdings, Inc. | Same as ours | May 2020 to present | 286 |
| 5. Shine | Shine Development LLC | Same as ours | November 2025 to present | 77 |
| 6. Pacific Lawn Sprinklers | Pacific Lawn Sprinklers Franchise LLC | Same as ours | November 2023 to present | 71 |

1. Executive Home Care is a business that provides (a) in-home comprehensive care and non-medical services to

home care clients and (b) supplemental healthcare staffing services to institutional clients, all under the service mark EXECUTIVE HOME CARE.

2. Assisted Living Locators is a home-based business that assists seniors and their families in locating assisted living facilities, memory care communities, nursing homes, senior care homes and independent living senior communities under the service mark ASSISTED LIVING LOCATORS.
3. Brothers Gutters is a business that provides gutter installation, maintenance, cleaning, repair, and related services and products under the service mark THE BROTHERS THAT JUST DO GUTTERS.
4. Maid Brigade is a business that provides supervised team cleaning services to home and light commercial cleanings and offers proprietary and other household products for sale using the service mark MAID BRIGADE.
5. Shine is a business that provides residential and commercial window cleaning, pressure washing, screen cleaning, gutter cleaning, house and building detailing and holiday light installation, storage and removal services under the service marks SHINE, SHINE WINDOW CARE AND HOLIDAY LIGHTING, SHINE WINDOW CARE and SHINE HOLIDAY LIGHTING.
6. Pacific Lawn Sprinklers is a business that provides sprinkler installation and maintenance services under the service mark PACIFIC LAWN SPRINKLERS.

We do not have any other affiliates that offer franchises in this or any other line of business.

**Other Riverside Company Portfolio Franchise Companies**

Through various private equity funds managed by The Riverside Company, the following portfolio companies of The Riverside Company offer franchises in the US. While there is no common control between Evive Brands and the franchise platforms listed below and therefore are not considered affiliates required to be disclosed in Item 1, we disclose these franchise companies as The Riverside Company also manage various investment funds that own, in whole or in part, directly or indirectly, these other franchise companies.

For purposes of the tables below, "Time Franchises Offered" includes the period of time franchises have been offered by the current franchisor and its predecessors.

***EverSmith Brands***

| OTHER PORTFOLIO COMPANIES OF THE RIVERSIDE COMPANY (EVERSMITH BRANDS) | | | | |
|---|---|---|---|---|
| **Franchised Business** | **Name of Franchisor** | **Principal Place of Business** | **Time Franchises Offered** | **Number of Open Franchisees in US (as of 12/31/2025)** |
| 1. 1-Tom-Plumber | 1 TOM Plumber Global LLC | 6700 Forum Drive, Suite 150 Orlando, Florida 32821 | 2020 to present | 56 |
| 2. US Lawns | U.S. Lawns, Inc. | 6700 Forum Drive, Suite 150 Orlando, Florida 32821 | 1986 to present | 208 |
| 3. milliCare Floor & Textile Care | milliCare Franchising, LLC | 6700 Forum Drive, Suite 150 Orlando, Florida 32821 | 2011 to present | 48 (9 international) |
| 4. Kitchen Guard | Kitchen Guard Franchising, Inc. | 6700 Forum Drive, Suite 150 Orlando, Florida 32821 | 2023 to present | 38 |
| 5. Prism Specialties | Restoration Specialties Franchise Group, LLC | 6700 Forum Drive, Suite 150 Orlando, Florida 32821 | 2012 to present | 90 |
| 6. The Seals | The Seals Franchising, LLC | 6700 Forum Drive, Suite 150 Orlando, Florida 32821 | 2019 to present | 6 |
| 7. Clintar Commercial Outdoor Services | TruServe Groundscare, Inc. | 200 Cachet Wood Court, Unit 119 Markham, ON, Canada L6C 0Z8 | 1982 to present | 0 (21 international) |

1. 1-Tom-Plumber is a business that offers emergency plumbing services and repairs at commercial and residential properties under the service mark 1-TOM-PLUMBER.

2. US Lawns is a business that offers outdoor commercial property and landscaping services mark US LAWNS.
3. milliCare is a business that offers cleaning and maintenance of floor coverings and interior finishes and related services under the service mark MILLICARE FLOOR & TEXTILE CARE.
4. Kitchen Guard is a business that offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services under the service mark KITCHEN GUARD.
5. Prism Specialties is a business that offers electronic, art, textile and document recovery, repair and restoration services under the service mark PRISM SPECIALTIES.
6. The Seals is a business that sells and installs gaskets for refrigeration door units, freezer doors, oven doors, hardware and cutting board under the service mark THE SEALS.
7. Clintar Commercial Outdoor services is business that offers outdoor commercial property services under the service mark CLINTAR COMMERCIAL OUTDOOR SERVICES.

***Head-To-Toe Brands***

| OTHER PORTFOLIO COMPANIES OF THE RIVERSIDE COMPANY (HEAD-TO-TOE BRANDS) | | | | |
|---|---|---|---|---|
| **Franchised Business** | **Name of Franchisor** | **Principal Place of Business** | **Time Franchises Offered** | **Number of Open Franchisees in US (as of 12/31/2025)** |
| 1. Bishops | BCC Franchising, LLC | 550 Reserve Street, Suite 380 Southlake, Texas 76092 | 2007 to present | 40 |
| 2. Delta Crown | Crown Extension Bar, LLC | 550 Reserve Street, Suite 380 Southlake, Texas 76092 | 2025 to present | 1 |
| 3. Frenchies Modern Nail Care | Frenchies, LLC | 550 Reserve Street, Suite 380 Southlake, Texas 76092 | 2015 to present | 26 |
| 4. Lash Lounge | The Lash Franchise Holdings, LLC | 550 Reserve Street, Suite 380 Southlake, Texas 76092 | 2010 to present | 131 |

1. Bishops is a business that offers haircuts, coloring, and barber services under the service mark BISHOPS.
2. Delta Crown is a business offering semi-permanent hair extensions and hair extension-related salon services under the service mark DELTA CROWN.
3. Frenchies is a business that offers hand and foot care under the service mark FRENCHIES MODERN NAIL CARE.
4. Lash Lounge is a business that offers permanent and temporary eyelash and eyebrow extensions and other eye enhancing services under the service mark LASH LOUNGE.

***Best Life Brands***

| OTHER PORTFOLIO COMPANIES OF THE RIVERSIDE COMPANY (BEST LIFE BRANDS) | | | | |
|---|---|---|---|---|
| **Franchised Business** | **Name of Franchisor** | **Principal Place of Business** | **Time Franchises Offered** | **Number of Open Franchisees in US (as of 12/31/2025)** |
| 1. Blue Moon Estate Sales | Blue Moon Franchise Systems, LLC | 900 Wilshire Drive, Suite 102 Troy, Michigan 48084 | 2013 to present | 136 |
| 2. Boost Home Healthcare | Boost Franchise Systems, LLC | 900 Wilshire Drive, Suite 102 Troy, Michigan 48084 | 2021 to present | 3 |
| 3. CarePatrol | CarePatrol Franchise Systems, LLC | 900 Wilshire Drive, Suite 102 Troy, Michigan 48084 | 2009 to present | 215 (2 international) |
| 4. ComForCare Home Care | ComForCare Franchise Systems, LLC | 900 Wilshire Drive, Suite 102 Troy, Michigan 48084 | 2021 to present | 270 (19 international) |

| OTHER PORTFOLIO COMPANIES OF THE RIVERSIDE COMPANY (BEST LIFE BRANDS) | | | | |
|---|---|---|---|---|
| **Franchised Business** | **Name of Franchisor** | **Principal Place of Business** | **Time Franchises Offered** | **Number of Open Franchisees in US (as of 12/31/2025)** |
| 5. Next Day Access | Next Day Access, LLC | 900 Wilshire Drive, Suite 102 Troy, Michigan 48084 | 2012 to present | 91 (1 international) |

1. Blue Moon is a business that sells personal property as well as the provision of consignment sales for those who are downsizing, relocating, or are deceased under the service mark BLUE MOON ESTATE SALES.
2. Boost is a business that offers intermittent care ordered by a doctor and performed by a home health aide and other licensed healthcare providers to patients of all ages with acute and chronic long-term complex health conditions within the patient's residence or within health care facilities under the mark BOOST HOME HEALTHCARE.
3. CarePatrol is a business that offers senior living placement, referral, and consulting services to families under the mark CAREPATROL.
4. ComForCare is a business that offers (a) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (b) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (c) private duty nursing services, all under the mark COMFORCARE HOME CARE.
5. Next Day is a business that offers ramps and other products and accessories that enhance the life of physically disabled or challenged persons under the mark NEXT DAY ACCESS.

***Threshold Brands***

| OTHER PORTFOLIO COMPANIES OF THE RIVERSIDE COMPANY (THRESHOLD BRANDS) | | | | |
|---|---|---|---|---|
| **Franchised Business** | **Name of Franchisor** | **Principal Place of Business** | **Time Franchises Offered** | **Number of Open Franchisees in US (as of 12/31/2025)** |
| 1. Maid Pro | Maid Pro Franchise, LLC | 77 North Washington Street Boston, Massachusetts 02114 | 1997 to present | 255 |
| 2. Men in Kilts | Men in Kilts US, LLC | 77 North Washington Street Boston, Massachusetts 02114 | 2019 to present | 27 |
| 3. Pestmaster | Pestmaster Franchise Network, LLC | 9716 South Virginia St., Suite E Reno, Nevada 89511 | 2021 to present | 75 |
| 4. USA insulation | USA Insulation Franchise, LLC | 17700 Saint Clair Avenue Cleveland, Ohio 44110 | 2006 to present | 96 |
| 5. Granite Garage Floors | Granite Garage Floors Franchising, LLC | 110 Mansell Circle, Suite 375 Roswell, Georgia 30075 | 2013 to present | 57 |
| 6. Mold Medics | Mold Medics Franchising, LLC | 811 Washington Avenue Carnegie, Pennsylvania 15106 | 2020 to present | 18 |
| 7. Sir Grout | Sir Grout Franchising, LLC | 77 North Washington Street Boston, Massachusetts 02114 | 2007 to present | 91 |
| 8. Miracle Method | Miracle Method, LLC | 4310 Arrowswest Drive Colorado Springs, Colorado 80907 | 1996 to present | 213 (2 master franchises) |
| 9. Plumbing Paramedics | PHP Franchise, LLC | 750 E. 150th Street Noblesville, Indiana 46060 | 2021 to present | 15 |
| 10. Heating + Air Paramedics | PHP Franchise, LLC | 750 E. 150th Street Noblesville, Indiana 46060 | 2021 to present | 22 |

1. Maid Pro is a business that offers home cleaning services for residential and commercial customers under the mark MAID PRO.
2. Men in Kilts is a business that offers window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services under the mark MEN IN KILTS.
3. Pestmaster is a business that offers structural and agricultural pest control and related services under the mark PESTMASTER.
4. USA Insulation is a business that offers residential insulation services under the mark USA INSULATION.
5. Granite Garage Floors is a business that sells and installs residential garage floor coating systems under the mark GRANITE GARAGE FLOORS.
6. Mold Medics is a business that offers mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products under the mark MOLD MEDICS.
7. Sir Grout is a business that offers grout and tile cleaning, sealing, caulking and restoration services and other services under the mark SIR GROUT.
8. Miracle Method is a business that offers refinishing and restoration of bathtubs, sinks, showers, tiles, countertops and similar surfaces under the mark MIRACLE METHOD.
9. Plumbing Paramedics is a business that offers plumbing service franchises under the mark PLUMBING PARAMEDICS.
10. Heating + Air Paramedics is a business that offers heating and air conditioning installation and service franchises under the mark HEATING + AIR PARAMEDICS.

**The Franchise Rights Offered**

If you sign a Franchise Agreement with us, you will develop and operate a business (your "Business" or your "Franchise") that specializes in the sale of: (a) personal property for individuals, trustees and personal representatives due to long-distance moves, divorce, death, bankruptcy or other changes in circumstances ("Estate Sale Services"); and (b) commercial assets for commercial enterprises due to business closures or moves, branch closures or moves, or other changes in circumstances ("Business Liquidation Services"). Estate Sale Services and Business Liquidation Services are collectively referred to as "Services".

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). The Franchise Agreement grants you a license to use certain service marks, trademarks, trade names and logos, including GRASONS®, GRASONS CO.™, GRASONS ESTATE SALE SERVICES™, GRASONS CO. ESTATE SALES & BUSINESS LIQUIDATION SERVICES™ and the associated logos (collectively, the "Marks"). The Franchise Agreement also grants you a license to use our system that was developed for the operation of a GRASONS® business (the "System"). Our confidential Operations Manual (the "Manual") describes the operational aspects of a GRASONS® business. You will operate your Business as an independent business using the Marks, the System, the information in the Manual, and the support, guidance and other methods and materials we provide.

You will provide Services for clients located within a geographic territory specified in the Franchise Agreement (the "Territory"). Although you must have a valid business mailing address (that is not a residential address), in general, we anticipate that you will operate your Business from a home office which must be located in your Territory.

**General Market and Competition**

The general market for Services is well developed. Your clients for Estate Sale Services will include individuals, trustees and personal representatives of estates. Your clients for Business Liquidation Services will include retail and other commercial enterprises. You will compete against other providers of similar services, most of which are independently owned and operated. Sales are not seasonal.

**Laws and Regulations**

You must comply with all federal and state licensing and regulatory requirements relating to the operation of your

Business. Some states may require you to obtain a surety bond. We are not aware of any other laws or regulations specific to our industry. You must comply with all laws that apply to businesses generally, including laws governing discrimination and sexual harassment in the work place, minimum wage, EEOC and OSHA standards, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes.

We recommend that you consult with legal counsel to investigate and comply with any laws and regulations.

## ITEM 2 BUSINESS EXPERIENCE

**Chief Executive Officer: Ryan Parsons**

Mr. Parsons has held the following positions during the prior 5-year period:

| Company | Location | Title | Period of Time |
|---|---|---|---|
| B & P Burke, LLC | Scottsdale, AZ | Chief Executive Officer | Nov 2023-present |
| Evive Brands, LLC | Scottsdale, AZ | Chief Executive Officer | Nov 2023-present |
| MB Franchise Holdings, Inc. | Scottsdale, AZ | Chief Executive Officer | May 2025-present |
| Executive Home Care Franchising, LLC | Scottsdale, AZ | Chief Executive Officer | Nov 2023-present |
| ALL Franchising, LLC | Scottsdale, AZ | Chief Executive Officer | Nov 2023-present |
| Shine Development LLC | Scottsdale, AZ | Chief Executive Officer | Nov 2025-present |
| Pacific Lawn Sprinklers Franchise LLC | Scottsdale, AZ | Chief Executive Officer | Oct 2025-present |
| Brothers Parsons Franchising LLC ("BPF") | Scottsdale, AZ | Chief Executive Officer | Nov 2023-present |
| The Brothers Franchising Corp. (BPF's predecessor) | Poughkeepsie, NY | Co-Founder & Vice President | Jul 2014-Nov 2023 |
| Brothers Parsons HV LLC (operator of original company-owned The Brothers That Just Do Gutters business) | Poughkeepsie, NY | Vice President | 2002-present |

**Secretary and Manager: Caroline Quoyeser**

Ms. Quoyeser has held the following positions during the prior 5-year period:

| Company | Location | Title | Period of Time |
|---|---|---|---|
| B & P Burke, LLC | Scottsdale, AZ | President, Secretary & Manager | Nov 2021-present |
| Evive Brands, LLC | Scottsdale, AZ | President, Secretary & Manager | Feb 2023-present |
| Executive Home Care Franchising, LLC | Scottsdale, AZ | President, Secretary & Manager | Nov 2021-present |
| ALL Franchising, LLC | Scottsdale, AZ | President, Secretary & Manager | Aug 2022-present |
| Shine Development LLC | Scottsdale, AZ | President, Secretary & Manager | Nov 2025-present |
| Pacific Lawn Sprinklers Franchise LLC | Scottsdale, AZ | President, Secretary & Manager | Oct 2025-present |
| Brothers Parsons Franchising LLC | Scottsdale, AZ | President, Secretary & Manager | Nov 2023-present |
| The Riverside Company | Santa Monica, CA | Assistant Vice President | Jan 2023-present |
| | | Senior Associate | Jun 2021-Jan 2023 |
| | | Private Equity Analyst | Jun 2017-Jun 2019 |
| | | Summer Analyst | Jun 2016-Aug 2016 |

**Chief Growth Officer: Jason Wiedder**

Mr. Wiedder has held the following positions during the prior 5-year period:

| Company | Location | Title | Period of Time |
|---|---|---|---|
| B & P Burke, LLC | Scottsdale, AZ | Chief Growth Officer | Dec 2021-present |
| Evive Brands, LLC | Scottsdale, AZ | Chief Growth Officer | Feb 2023-present |

| Company | Location | Title | Period of Time |
|---|---|---|---|
| MB Franchise Holdings, Inc. | Scottsdale, AZ | Chief Growth Officer | May 2025-present |
| Executive Home Care Franchising, LLC | Scottsdale, AZ | Chief Growth Officer | Dec 2021-present |
| ALL Franchising, LLC | Scottsdale, AZ | Chief Growth Officer | Aug 2022-present |
| Shine Development LLC | Scottsdale, AZ | Chief Growth Officer | Nov 2025-present |
| Pacific Lawn Sprinklers Franchise LLC | Scottsdale, AZ | Chief Growth Officer | Oct 2025-present |
| Brothers Parsons Franchising LLC | Scottsdale, AZ | Chief Growth Officer | Nov 2023-present |
| Always Best Care | Roseville, CA | VP of Franchise Development | Mar 2018-Dec 2021 |

**Vice President and Manager: L. Joseph Lee**

Mr. Lee has held the following positions during the prior 5-year period:

| Company | Location | Title | Period of Time |
|---|---|---|---|
| B & P Burke, LLC | Scottsdale, AZ | VP & Manager | Nov 2021-present |
| Evive Brands, LLC | Scottsdale, AZ | VP & Manager | Feb 2023-present |
| MB Franchise Holdings, Inc. | Scottsdale, AZ | VP & Manager | May 2025-present |
| Executive Home Care Franchising, LLC | Scottsdale, AZ | VP & Manager | Nov 2021-present |
| ALL Franchising, LLC | Scottsdale, AZ | VP & Manager | Aug 2022-present |
| Shine Development LLC | Scottsdale, AZ | VP & Manager | Nov 2025-present |
| Pacific Lawn Sprinklers Franchise LLC | Scottsdale, AZ | VP & Manager | Oct 2025-present |
| Brothers Parsons Franchising LLC | Scottsdale, AZ | VP & Manager | Nov 2023-present |
| The Riverside Company | Cleveland, OH | Senior Partner | Apr 2013-present |
| | | Principal | Mar 2006-Apr 2013 |

**Chief Financial Officer: Gregory Esgar**

Mr. Esgar has held the following positions during the prior 5-year period:

| Company | Location | Title | Period of Time |
|---|---|---|---|
| B & P Burke, LLC | Scottsdale, AZ | Chief Financial Officer | May 2022-present |
| Evive Brands, LLC | Scottsdale, AZ | Chief Financial Officer | Aug 2023-present |
| MB Franchise Holdings, Inc. | Scottsdale, AZ | Chief Financial Officer | May 2025-present |
| Executive Home Care Franchising, LLC | Scottsdale, AZ | Chief Financial Officer | May 2022-present |
| ALL Franchising, LLC | Scottsdale, AZ | Chief Financial Officer | Aug 2022-present |
| Shine Development LLC | Scottsdale, AZ | Chief Financial Officer | Nov 2025-present |
| Pacific Lawn Sprinklers Franchise LLC | Scottsdale, AZ | Chief Financial Officer | Oct 2025-present |
| Brothers Parsons Franchising LLC | Scottsdale, AZ | Chief Financial Officer | Nov 2023-present |
| Prose Franchising | Phoenix, AZ | Chief Financial Officer | Apr 2018-May 2022 |

**Chairman of the Board: Jordan Lajoie**

Mr. Lajoie has held the following positions during the prior 5-year period:

| Company | Location | Title | Period of Time |
|---|---|---|---|
| B & P Burke, LLC | Scottsdale, AZ | Chairman of the Board | Jul 2025-present |
| Evive Brands, LLC | Scottsdale, AZ | Chairman of the Board | Jul 2025-present |
| MB Franchise Holdings, Inc. | Scottsdale, AZ | Chairman of the Board | Jul 2025-present |
| Executive Home Care Franchising, LLC | Scottsdale, AZ | Chairman of the Board | Jul 2025-present |

| Company | Location | Title | Period of Time |
|---|---|---|---|
| ALL Franchising, LLC | Scottsdale, AZ | Chairman of the Board | Jul 2025-present |
| Shine Development LLC | Scottsdale, AZ | Chairman of the Board | Jul 2025-present |
| Pacific Lawn Sprinklers Franchise LLC | Scottsdale, AZ | Chairman of the Board | Jul 2025-present |
| Brothers Parsons Franchising LLC | Scottsdale, AZ | Chairman of the Board | Jul 2025-present |
| The Riverside Company | Portland, ME | Operating Partner | Jul 2020-present |
| Pinecrest holdings Inc. | Portland, ME | President | Jul 2022-present |

## ITEM 3 LITIGATION

**Matters Involving Affiliates**

*Commonwealth of Virginia vs. Ken Parsons, Ryan Parsons & The Brothers Franchising Corp*, Case No: SEC-2015-00056 (January 6, 2016)

On January 6, 2016, The Brothers Franchising Corp. ("TBFC"), Ken Parsons and Ryan Parsons entered into a Settlement Order with the Commonwealth of Virginia, State Corporation Commission. TBFC is the predecessor of our affiliate Brothers Parsons Franchising LLC ("BPF"). Ryan Parsons is our Chief Executive Officer and co-founder of The Brothers That Just Do Gutters franchise system. The matter involved the sale of a The Brothers That Just Do Gutters franchise in Virginia to Ken and Ryan Parsons's father before the franchise was registered in Virginia. The Settlement Order required TBFC to pay a $2,000 penalty plus $500 for investigation costs and prohibits TBFC and its successors (e.g., BPF) from violating Virginia's Retail Franchising Act in the future.

Except for the matter above, no litigation is required to be disclosed in this Item.

## ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5 INITIAL FEES

**Initial Franchise Fee**

When you sign a Franchise Agreement, you must pay us a nonrefundable initial franchise fee of $49,900. Included in the payment of the initial franchise fee is an initial inventory and equipment package that includes your microsite, 10 lawn signs, a banner, a tear drop sign, a tote, a notebook, a branded polo shirt, and 250 business cards (the "Initial Equipment Package"). The initial franchise fee also covers our initial training program for up to 2 trainees (you may send additional attendees subject to available space). We offer the following discounts:

| Type of Discount* | Discount | Qualifications for Discount |
|---|---|---|
| Veterans Discount | 10% discount | Person holding at least a 50% interest in the franchise is an honorably discharged veteran of any branch of the United States military and provides Form DD-214. |
| Multi-Unit Discount | Franchise 1 – No discount<br>Franchise 2 – $10,000 discount<br>Franchise 3 and up – $15,000 discount | You must (a) purchase 2 or more franchises from us at the same time, (b) sign Franchise Agreements for all franchises at the same time, (c) pay full $49,900 initial franchise fee for 1st franchise and discounted initial franchise fee for each additional franchise at same time. |

* If you qualify for the Multi-Unit Discount and the Veterans Discount, you will receive the Multi-Unit Discount plus an additional 10% off the total aggregate discounted initial franchise fees.

In 2025, we waived the initial franchise fee for one of our existing franchisees who was purchasing additional franchises. In 2025 we offered discounted initial franchise fees of: (a) $10,000 for 2 franchisees, one of whom is a pre-existing multi-territory franchisee; and (b) $47,405 to 2 franchisees under a discount that we discontinued. The initial franchise fee is uniformly imposed except for the discounts disclosed above.

## ITEM 6 OTHER FEES

| TYPE OF FEE [1] | AMOUNT [2, 3] | DUE DATE | REMARKS |
|---|---|---|---|
| Royalty Fee | Great of 6.5% of Gross Sales or minimum royalty fee (commences when you open) | 5th day of month for prior month's Gross Sales | You must send us Gross Sales reports no later than each royalty fee due date. The minimum monthly royalty fee is (a) $500 for months 1 through 12 after opening (b) $750 for months 13 through 24 after opening and (c) $1,000 for rest of the term. |
| Brand Fund Fee | Greater of 2% of Gross Sales or $250 per month | Same as royalty fee | We deposit this fee into a Brand Fund. You have no voting rights regarding the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee. |
| Local Marketing Commitment | *[Months 1 Through 12]* $1,000 per month (commences when you complete initial training)<br>*[Remainder of Term]* $750 per month (we may increase up to $1,000 per month on 30 days' notice) | Monthly, as incurred | This is the minimum amount you must spend on advertising and marketing in your local market to promote your Business (the "Local Marketing Commitment"). This expenditure is in addition to the Brand Fund Fee. If you fail to spend the minimum amount, you pay us the deficiency. |
| Cooperative Advertising Fee | Fee set by us or the coop (not to exceed Local Marketing Commitment unless higher fee approved by 2/3 majority vote) | Same as royalty fee | Company-owned outlets have the same voting power as franchised outlets in a cooperative. If a majority of outlets are company-owned, we will not increase the fee without the majority vote of franchised outlets in favor of the fee increase. Cooperative advertising fees are credited against your Local Marketing Commitment. |
| Technology Fee | Up to $750 per month, excluding license fees for additional CRM license(s) (currently $250 per month base fee plus: (1) $30 per month for each GRASONS® email beyond 3; and (2) $150 per month for each CRM license beyond 1) | Same as royalty fee or as otherwise specified | Includes amounts you pay us or our affiliate for Technology Systems, including: (a) amounts you pay for proprietary items (b) amounts we collect from you and remit to third parties and (c) an administrative fee for managing the technology platform and negotiating/managing relationships with various licensors of the technology. It does not include amounts you pay to third parties. We do not include monthly phone charges as part of the technology fee, but we may do so in the future. Note 4 lists what you receive for the current fee. |
| Training Fees | *[Initial Training]* $1,500 per person | Prior to training | Payable for each person who attends initial training after you open, such as a new Operating Principal or general manager. |
| | *[Other Training]* Up to $600 per person per day (plus Travel Expenses for onsite training we provide at your request or due to your breach) | As invoiced | Payable for each person who attends: refresher or supplemental training; remedial training; or additional training or you request. We do not currently require refresher or supplemental training but we may do so in the future. We may also charge this fee for any special assistance you request us to provide. |
| Call Center Fee | Greater of $150 per month or 3% of Gross Sales, if paid to us or our affiliate (not currently imposed) | 10 days after invoice or as we otherwise specify | Imposed if we administer a call center. If a third party administers the call center, you pay fees to the third-party provider unless we choose to collect the fees from you and remit them to the provider. |

| TYPE OF FEE [1] | AMOUNT [2, 3] | DUE DATE | REMARKS |
|---|---|---|---|
| Conference Registration Fee | Up to $2,000 per person per conference, but currently $495 per person per conference | Prior to conference | We may hold conferences to discuss matters affecting franchisees. Your Operating Principal must attend our annual conference unless we designate attendance as optional or waive your obligation to attend for good cause. You must still pay the fee if the Operating Principal fails to attend a required conference without a waiver. |
| Third-Party Vendors | Pass through of costs plus administrative fee (not to exceed 20% of costs) | As invoiced | You must purchase certain goods and services from suppliers we designate. We may administer a centralized procurement program whereby franchisees purchase these items through us and we remit payment to the suppliers. We do not currently operate such a program. |
| Client Complaint Resolution Fee | Actual costs we incur to respond to complaints from your clients | As invoiced | Imposed if we decide to respond to a client complaint about you or your business. We may take any actions we deem appropriate and you must reimburse us for the costs. |
| Transfer Fee | $15,000 (reduced to $5,000 if buyer is an existing franchisee) | At time of Transfer | You pay the transfer fee for all Transfers other than Permitted Transfers. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker. |
| Renewal Fee | $20,000 | Prior to or at time of renewal | Imposed if we grant you renewal rights for a 10-year renewal term. |
| Audit Fee | Actual cost of audit (including Travel Expenses for audit team) | 10 days after invoice | Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 2% or more. |
| Late Fee | $150 plus default interest at lesser of (a) 10% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law | 10 days after invoice | If we debit your account but there are insufficient funds or your check is returned for insufficient funds, then we may charge (in addition to the late fee) an NSF fee of $50 per incident. |
| Noncompliance fee | $250 per incident | Upon demand | Imposed if you breach a mandatory standard or operating procedure (including submission of required reports, but excluding extra-territorial sales) and fail to cure within the time period we require. We may impose an additional $250 fee each week the breach remains uncured after we impose the initial fee. |
| Extra-Territorial Sales | Greater of $500 or 75% of revenue received from sale | Upon demand | Imposed if you provide Services to a client outside of your Territory without prior approval. |
| Default Reimbursements | All costs we incur to cure default plus administrative fee up to 20% of our costs | 10 days after invoice | If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to pay suppliers, maintain insurance or meet quality standards). |
| Indemnification | Amount of our damages, losses or expenses | 10 days after invoice | You must indemnify us for losses and expenses we incur due to your operation of the Business or your breach of the Franchise Agreement. |

| TYPE OF FEE [1] | AMOUNT [2, 3] | DUE DATE | REMARKS |
|---|---|---|---|
| Enforcement Costs | All costs we incur due to your breach or to enforce the Franchise Agreement (including attorneys' fees) | Upon demand | You must reimburse us for all attorneys' fees and other costs we incur as a result of your breach or to enforce the terms of the Franchise Agreement if you fail to comply. |
| Liquidated Damages | 2 years of royalty & brand fund fees - see Note 5 | 30 days after invoice | Imposed if we terminate due to your default or you wrongfully terminate. |

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except: (a) you pay the cooperative advertising fee directly to the cooperative (we may instead require you to pay this fee to us, in which case we will remit the fee to the cooperative on your behalf); and (b) you spend the Local Marketing Commitment directly with third-party suppliers. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form permitting us to electronically debit your designated bank account for all amounts owed to us. You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date.

2. Definitions: As used in this Disclosure Document, the following terms have the meanings below:

   "***Brand Fund***" means the brand and system development fund we currently administer to advertise, market and promote our brand.

   "***Gross Sales***" means the gross sales price of all personal property directly or indirectly sold by you or your Business via any method of sale or channel of distribution, including: (a) sales at physical locations; (b) consignment/auction sales; and (c) sales advertised or marketed by any media including on the Internet (or any other electronic method) or by classified ad, flyer, brochure or catalog. Gross Sales do not include bona fide refunds given to clients or sales taxes properly remitted to the taxing authority. Credit card charges may not be deducted from Gross Sales.

   "***Operating Principal***" means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Business.

   "***Permitted Transfer***" means a Transfer: (a) between existing owners; (b) by the owners to a new business entity that is 100% owned and controlled by the transferring owners; or (c) of less than a 25% ownership interest in the franchised business. It does not include a Transfer described in (a), (b) or (c) that results in the Operating Principal owning less than 10% of the franchised business.

   "***Technology Systems***" means all information and communication technology systems that we designate, including computer systems, point-of-sale systems, telecommunications systems, AI technology and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

   "***Transfer***" means a transfer or assignment of: (a) the Franchise Agreement; (b) substantially all of the assets of the Business; (c) any ownership interest in the Business or the entity that is the "franchisee".

   "***Travel Expenses***" means all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Territory; or (b) by you or your personnel to attend training programs or conferences.

3. CPI Adjustments: All fees (including minimum fees and fee caps) expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these amount up to the increase in the CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial CPI adjustment); or (b) the date we implemented the last CPI adjustment (for subsequent CPI adjustments). We will notify you of any CPI adjustment at least 60 days before it goes into effect. We may implement no more than 1 CPI adjustment during any 5-year period.

4. Technology Fee: In exchange for the base technology fee of $250 per month, you receive the following:

- Local webpage for your Business (linked to our corporate website)
- Microsoft 365 license
- Rallio license (social media management technology platform)
- 1 CRM license (base fee includes main user license)
- Access to any Learning Management System (LMS) we maintain
- Up to 3 GRASONS® email addresses

If you own multiple territories, you pay a separate technology fee for each territory.

5. Liquidated Damages: You must pay us liquidated damages if: (a) we terminate the Franchise Agreement due to your default; or (b) you terminate the Franchise Agreement prior to its expiration date (except in accordance with the provisions governing your right to terminate following our uncured breach). Liquidated damages are calculated as the sum of average weekly royalty fees and brand fund fees imposed during the 12-month period preceding termination (or your entire period of operation if less than 12 months) multiplied by the lesser of: (a) 24; or (b) the total number of months remaining under the term. If you pay us liquidated damages in a timely manner, we may not pursue a claim against you for lost profits (but we may still seek other damages we incur due to your breach).

## ITEM 7 ESTIMATED INITIAL INVESTMENT YOUR ESTIMATED INITIAL INVESTMENT

| YOUR ESTIMATED INITIAL INVESTMENT | | | | |
|---|---|---|---|---|
| **TYPE OF EXPENDITURE** [1] | **AMOUNT** | **METHOD OF PAYMENT** | **WHEN DUE** | **TO WHOM PAYMENT IS TO BE MADE** |
| Initial Franchise Fee [2] | $49,900 | Check or wire transfer | At time you sign Franchise Agreement | Us |
| Initial Training Expenses [3] | $2,000 to $4,000 | Check/debit/credit card | During training | Hotels, restaurants and airlines |
| Technology Systems [4] | $450 to $6,200 | Check/debit/credit card | Before opening | Suppliers |
| Vehicle [5] (lease or finance payments) | $0 to $3,000 | Check | At time of purchase and then monthly | Finance or leasing company |
| Office Expense & Supplies [6] | $950 to $1,250 | Check/debit/credit card | As incurred | Suppliers |
| Dues & Subscriptions | $1,000 to $3,000 | Check/debit/credit card | As incurred (annual or monthly) | Vendors & trade organizations |
| Business Licenses & Permits | $500 to $1,500 | Check/debit/credit card | Before opening | Government agencies |
| Surety Bond [7] | $500 to $750 | Check | Before opening | Bonding company |
| Preopening Advertising [8] | $8,250 to $9,000 | Check/debit/credit card | Before opening | Suppliers |
| Professional Fees [9] | $0 to $7,500 | Check/debit/credit card | Before opening | Lawyer & accountants |
| Insurance (3 months) | $500 to $4,000 | Check/debit/credit card | Before opening | Insurance company |
| Additional Funds [10] (3 months) | $7,500 to $30,000 | As incurred | As incurred | Suppliers and employees |
| **Total Estimated Initial Investment** [11] | $71,550 to $120,100 | | | |

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing. No amounts paid to us are refundable. We are not aware of any amounts paid to third-party suppliers that are refundable.

2. Initial Franchise Fee: Item 5 describes the initial franchise fee discounts we currently offer. For purposes of this initial investment table, we have assumed you do not qualify for any discounts. The initial franchise fee includes the costs for your Initial Equipment Package.

3. Initial Training Expenses: This estimates your expenses to send 1 to 2 people to our 3 to 4 day initial training program held in Huntington Beach, California. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.

4. Technology Systems: This estimates your initial cost to purchase and set up our designated Technology Systems (currently limited to the computer and point-of-sale system described in more detail in Item 11 and your VOIP phone system).

5. Vehicle: You will need a vehicle in order to operate your Business. Your vehicle must be in good condition, clean, dent-free and present a professional appearance. We do not require a participate brand or impose any other standards or specifications. The low end assumes you will use your current vehicle, in which case you will not incur any additional expense. The high end assumes you lease (or finance the purchase of) a used vehicle that you will use in operating the Business, and includes your initial payment (including fees for title and registration). The amount of your initial payment (due when you sign the lease or finance agreement) and monthly payments depend on a number of factors, including the value of the vehicle, the lease term, the amount of your down payment, your creditworthiness, leasing or finance rates applicable in your market, etc.

6. Office Expense & Supplies: We expect you will operate your Business from a home office. However, before you open you must obtain a separate business mailing address (not a residential address). We estimate the cost for a separate commercial mailing address will range from $100 to $400 per year. This time includes the estimated cost for a commercial mailing address and miscellaneous office supplies.

7. Surety Bond: Some states may require you to purchase a surety bond. The low estimate assumes a bond is not required. The high estimate includes the estimated cost to purchase a $25,000 surety bond.

8. Preopening Advertising: You must pay our designated digital marketing company a $7,500 digital marketing fee to set up and implement a digital marketing campaign to promote your Business and generate leads over a 5 to 6-month period. After the 6-month period expires, you may continue working with this company or you may discontinue service. As soon as you complete initial training, you must also begin spending at least $1,000 per month (reduced to $750 per month after 12-months) on local advertising and marketing activities. This minimum required expenditure is in addition to your $7,500 digital marketing fee and Brand Fund Fees. This estimate assumes you complete initial training between 1 and 2 months prior to opening.

9. Professional Fees: This includes the estimated fees for professionals you may choose to hire in order to:

   - assist you in reviewing this Disclosure Document and negotiating your Franchise Agreement
   - advise you regarding local laws and regulations applicable to your Business
   - form a business entity
   - set up your books, records and accounts
   - develop a business plan and budget for the development and operation of your Business

   These services are optional but highly recommended.

10. Additional Funds: This estimates your expenses during the first 3 months of operation including: payroll costs, including estimated salary for 1 general manager on the high estimate (excluding any wage or salary paid to you); marketing and advertising expenses; technology fees; third-party software fees; additional equipment/inventory (e.g., folding tables, tablecloths, pop-up tent, sales tags, blue tape, etc.); gas and vehicle-related expenses (high estimate includes monthly lease/finance payments for a used vehicle); and other miscellaneous expenses and required working capital. Your initial 3 months of insurance premium is separately stated in the table above. These figures are estimates based on the experience of our franchisees in developing, opening and operating GRASONS® businesses. The Additional Funds listed in the table covers a 3-month period. However, we strongly recommend you have enough funds to cover a 1-year period after opening, which we estimate to be $30,000 to $120,000 (this range includes the $7,500 to $30,000 for Additional Funds for the initial 3-month period).

11. Budget and Initial Investment Report: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the development, opening and operation of your

Business. Within 120 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Business. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**Source-Restricted Purchases**

You must purchase or lease certain "source-restricted" goods and services for the development and operation of your Business, such as inventory, equipment, Technology Systems, insurance, marketing materials, marketing services, accounting services and any goods or services we designate. By "source-restricted", we mean the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and supplier list. We notify you of changes to our specifications and suppliers by email, updates to the Manual or other means of communication. We typically (but need not) evaluate and test changes to our specifications before we implement them. We may also conduct limited market testing by 1 or more GRASONS® businesses before rolling out the change on a system-wide basis.

**Supplier Criteria**

Our criteria for evaluating suppliers include standards for: (a) quality, performance, design, appearance and price of the product or service; and (b) dependability, production capabilities, reputation and financial strength of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us: (a) a written request for approval; (b) product samples for testing purposes; and (c) all additional information we request. The supplier must agree to comply with our minimum insurance, indemnification, reporting and confidentiality requirements for system suppliers and allow us to periodically inspect their facility. We will notify you of our decision within 30 days after we receive all required information and product samples. We may periodically reinspect approved products and suppliers and revoke our approval if a product or supplier fails to meet our then-current criteria. There is no fee for us to review or approve suppliers you propose.

**Current Source-Restricted Purchases and Leases**

We estimate between 20% and 50% of the total purchases and leases to establish your Business and 10% to 20% of ongoing operating expenses will consist of source-restricted goods or services. The following are our current source-restricted purchases and leases:

*Insurance*

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers, including the following:

| Policy Type | Minimum Coverage |
|---|---|
| Commercial General Liability Insurance | $1,000,000 per occurrence and $2,000,000 in the aggregate |
| Automobile Liability Insurance<br>(primary vehicle, trailers and box trucks used in the Business) | $1,000,000 per occurrence and $2,000,000 in the aggregate |
| Worker's Compensation Insurance | As required by law |

The required coverage and policies are subject to change. All insurance policies must be endorsed to name us and our affiliates as additional insured and satisfy all other requirements in the Manual. You must also obtain a $25,000 bond.

*Vehicle*

You must purchase or lease a vehicle for use with your Business. We may impose standards and specifications

for your vehicle, but we have none at this time.

*Technology Systems*

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain Technology System components must be purchased from approved or designated suppliers. Other components may be purchased from any supplier of your choosing. We may require you to purchase certain services relating to the establishment, use, maintenance, monitoring, security or improvement of Technology Systems from approved or designated suppliers. You must purchase the POS system, operations software and VOIP phone system we designate.

*Initial Equipment Package*

All inventory, equipment, supplies and other items included in your Initial Equipment Package must be purchased exclusively from us (the initial franchise fee includes the cost for these items). If you need to purchase additional or replacement items after opening, you purchase the items directly from third-party suppliers instead of purchasing them from us.

*Marketing Materials and Services*

All marketing materials must comply with our brand standards and other requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require that you contract with and utilize a company we designate to: (a) develop and/or implement your digital marketing campaign; and/or (b) manage your social media. You may only contract with digital marketing companies we designate or approve. Under current policy, you must contract with our designated digital marketing company for a minimum 6-month period following completion of initial training. You may discontinue service after the 6-month period expires, although we may change this policy and require you to continue to contract with the company beyond the 6-month period.

*Call Center*

We reserve the right to implement a call center. The call center could be administered by us or a third-party suppler we designate. If we implement a call center, you must participate in accordance with our policies and procedures and pay all associated fees.

*Accounting Services*

We may require you to use an accounting firm, platform, program, service or software program that we designate or approve. We do not impose any such requirement at this time, other than your obligation to license and use QuickBooks Online.

**Purchase Agreements**

We reserve the right to negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of our franchisees. As of the date of this Disclosure Document, we have negotiated a purchase agreement (including pricing terms) with a supplier of employee uniforms, merchandise and other branded products and print materials. Currently there are no purchasing cooperatives but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

**Franchisor Revenue from Source-Restricted Purchases**

We are the exclusive supplier for: (a) the Initial Equipment Package; (b) the software, technology and related services we provide in exchange for the technology fee; and (c) in-house call center services (which we expect to implement in 2026 or 2027, either directly or through an affiliate). We may designate ourselves or an affiliate as an approved or designated supplier for other goods or services in the future. We and our affiliates may generate a profit from these purchases. There are no approved or designated suppliers in which any of our officers own an interest. No person affiliated with us is currently an approved (or the only approved) supplier.

We may receive rebates, payments or other material benefits from suppliers based on your purchases and leases. We have no obligation to pass these amounts through to you or use them in any particular manner. Our parent, Evive, receives a rebate of up to 5% of the cost of employee uniforms, merchandise and other branded products

and print materials purchased through our online store (this rebate becomes effective in 2026). There are no other currently-effective supplier relationships involving rebates, payments or other material benefits to us or our affiliates.

Our total revenue during the fiscal year ended December 31, 2025 was $1,361,019. During that year, we generated $69,897 in revenue as a result of franchisee purchases or leases of goods or services from designated or approved suppliers (including purchases from us), which represents 5.1% of our total revenue for that year.

## 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 other items in this Disclosure Document.**

| OBLIGATION | SECTIONS IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|
| a. Site selection and acquisition/lease | 6.1 | Item 11 |
| b. Pre-opening purchases/leases | 6.2, 6.3 | Items 5, 7, 8 & 11 |
| c. Site development and other pre-opening requirements | 6 | Items 5, 7, 8 & 11 |
| d. Initial and ongoing training | 5.2, 6.3, 7.6 | Items 5, 6, 8 & 11 |
| e. Opening | 6.5, 6.6 | Items 7, 8 & 11 |
| f. Fees | 4, 5.3, 7.7, 7.25, 7.26, 10.5, 11.2, 11.3, 14.5,15.2, 16.1, 17.6 | Items 5, 6 & 7 |
| g. Compliance with standards and policies/Operating Manual | 6.3, 7.1, 7.3, 7.5, 7.7, 7.8–7.10, 7.12, 10.1, 10.4, 11.1 | Items 8, 11 & 14 |
| h. Trademarks and proprietary information | 12 & 13.1 | Items 13 & 14 |
| i. Restrictions on products/services offered | 7.3 | Items 8, 11 & 16 |
| j. Warranty and client service requirements | 7.7 & 7.8 | Item 8 |
| k. Territorial development and sales quotas | 7.20 | Item 12 |
| l. Ongoing product/service purchases | 8 | Items 6 & 8 |
| m. Maintenance, appearance and remodeling requirements | Not applicable | Item 7 |
| n. Insurance | 7.12 | Items 6, 7 & 8 |
| o. Advertising | 9 | Items 6, 7, 8 & 11 |
| p. Indemnification | 16 | Items 6 & 8 |
| q. Owner's participation/management/ staffing | 2.4 | Item 15 |
| r. Records/reports | 10 | Item 11 |
| s. Inspections/audits | 10.5 | Items 6 & 11 |
| t. Transfer | 15 | Items 6 & 17 |
| u. Renewal | 3.2 | Item 17 |
| v. Post termination obligations | 13 & 14.3 | Item 17 |
| w. Non-competition covenants | 13.2 | Item 17 |
| x. Dispute resolution | 17 | Items 6 & 17 |

## ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

## 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 open your Franchise:

1. *Your Site.* Because we expect you to operate as a home-based business, we do not assist you in (a) locating your site and negotiating the purchase or lease of the site, (b) conforming the premises to local ordinances and building codes or obtaining any required permits, or (c) constructing, remodeling, or decorating the premises.
2. *Employee hiring & training.* You are solely responsible for all hiring decisions and employment matters. (§7.5)
3. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your Business. We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items. (§5.2)
4. *Operating Manual*. We will give you access to our Manual, which will help you develop and operate your Business. The Manual includes 221 pages. The Table of Contents is attached as EXHIBIT "F". (§5.1 & 7.1)
5. *Initial Training Program.* We will conduct our initial training program. The current initial training program is described below. (§6.3)
6. *Business plan review*. If you request, we will review your pre-opening business plan and financial projections. We will not provide these services prior to signing the Franchise Agreement. (§5.2)
7. *Market introduction plan*. We will advise you regarding the planning and execution of your market introduction plan. (§5.2)
8. *On-site opening support.* If you request, we will send a representative to your Territory to provide 2 days of on-site support at the time your Business opens. There is no fee associated with this support. (§5.2)
9. *Equipment Package.* We provide you with the Initial Equipment Package at no charge. (§5.2)

**Length of Time To Open**

The typical length of time between signing the Franchise Agreement and the opening of your Franchise is 60 days. Factors that may affect the time period include your ability to obtain financing, obtain business permits and licenses, schedule initial training, and hire employees.

**Our Post-Opening Obligations**

After you open your Franchise:

1. *Developing products or services you will offer to your clients*. Although it is our intent to refine and develop the products and services you will offer to clients, the Franchise Agreement does not require us to do so.
2. *Improving and developing your Franchise; resolving operating problems you encounter*. If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your Franchise, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide onsite support in response to your request, we may charge a fee (currently $600 per day) and require you to reimburse our Travel Expenses we incur. (§5.3)
3. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you with our recommended procedures for administration, bookkeeping, accounting, and inventory control. (§5.3). We may designate any such procedures as mandatory or optional.
4. *Pricing Recommendations.* Upon request, we will provide recommended prices for products and services offered by franchisees of the System. (§5.3). However, you retain sole discretion in setting the prices you

charge for products and services.

5. *Brand Fund*. We will administer the Brand Fund. (§5.3).
6. *Website*. We will maintain a website for the GRASONS® brand, which will include your Franchise information and telephone number. (§5.3)
7. *Ongoing Training*. We may, but need not, provide ongoing training programs, as further discussed below. (§7.6)
8. *Call Center*. We may, but need not, administer a call center (either ourselves or through a third-party provider) to answer client calls, set client appointments, route new client leads to an appropriate GRASONS® business and/or provide other services we deem appropriate. If we establish a call center program, you must participate and pay the associated fees. (§7.25)

**Advertising**

*Our Obligations*

We will administer the Brand Fund, as further discussed below. Under current policy, company-owned GRASONS® businesses pay brand fund fees and cooperative advertising fees on the same basis as franchisees. We have no other obligation to spend any amount of money on advertising in your Territory. We will maintain the brand website (which is paid for by the Brand Fund). We have no obligation to conduct advertising for the franchise system.

*Your Obligations*

You must pay our designated digital marketing company a $7,500 digital marketing fee to set up and implement a digital marketing campaign to promote your Business and generate leads over a 5 to 6-month period. You must prepare and obtain our approval of a market introduction plan at least 30 days before your projected opening date. Commencing the date you complete initial training, you must spend a monthly amount equal to or greater than the Local Marketing Commitment on local advertising and marketing, including Internet advertising. The "Local Marketing Commitment" is: (a) $1,000 per month during the initial 12-month period after completion of initial training; and (b) $750 per month for the remainder of the term (we may increase this amount up to $1,000 per month upon 30 days' notice). The Local Marketing Commitment is in addition to the $7,500 digital marketing fee. You may develop your own advertising and marketing materials and programs but we must approve them prior to use. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved.

*Advertising Council*

We do not have an advertising council composed of franchisees, but reserve the right to form one at any time. Advertising council members will be selected by us in our sole discretion based upon franchisee performance and each individual franchisee's strengths. We have the right to require that any advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

*Advertising Cooperatives*

We may, but need not, establish local or regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We will determine the boundaries of the cooperative. In most instances, the boundaries will coincide with zip codes, designated marketing areas or municipal boundaries. We will specify the manner in which the cooperative is organized and governed. We may choose between: (a) administering the cooperative ourselves; or (b) establishing an advertising council, comprised by the cooperative's members, to administer the cooperative. We may require that the cooperative be administered in accordance with written bylaws, organizational documents or other governing documents that we approve.

If your Territory is located within a region subject to an advertising cooperative you must: (a) participate in the cooperative according to its rules and procedures and abide by its decisions; and (b) pay a cooperative advertising fee. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed the Local Marketing Commitment unless 2/3 of the cooperative members vote in favor of a higher fee. All cooperative advertising fees you pay are credited against your Local Marketing Commitment. Under currently policy, any company-owned

GRASONS® business located in a cooperative would pay cooperative advertising fees on the same basis as other members. However, we reserve the right to change this policy in the future.

Advertising cooperatives are not required to prepare annual or periodic financial statements, although we may change this policy. Any financial statements that are prepared will be made available to you upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time. There were no advertising cooperatives in effect as of December 31, 2025.

*Brand Fund*

You and all other franchisees must contribute to our Brand Fund. You must pay a monthly brand fund fee equal to the greater of (a) 2% of monthly Gross Sales or (b) $250 per month. Other franchisees may have contractual obligations for higher or lower contributions. Under current policy, any company-owned GRASONS® business would pay brand fund fees on the same basis as franchisees. However, they are not required to do so.

We administer the Brand Fund. We will use the Brand Fund only for marketing and related purposes and costs. We have the right to reimburse ourselves from the Brand Fund for such reasonable costs and overhead, if any, as we may incur in activities reasonably related to the direction and implementation of the Brand Fund. The Brand Fund is not audited. We will make unaudited annual financial statements available to you upon request.

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. Media coverage is primarily local. We may use outside vendors and consultants to produce advertising.

We also have the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein.

During the fiscal year ended December 31, 2025 we spent the marketing funds in the following manner:

| **Allocation of Marketing Expenditures From Brand Fund (2025)** | | | | |
|---|---|---|---|---|
| **Use of Funds** | **Production** | **Media Placement** | **Administrative Expenses** | **Other*** |
| **Percentage Allocation** | 19% | 33% | 48% | 0% |

All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. We will keep records of any such borrowing described above. No money from the Brand Fund is spent principally to solicit new Franchise sales, although consumer advertising may include notations such as “franchises available” and one or more pages on our website may promote the franchise opportunity.

The Brand Fund is not a trust. We have no fiduciary obligations or liability to you with respect to our administration of the Brand Fund. We may suspend or terminate the Brand Fund at any time, and any surplus funds may only be used for marketing and advertising purposes until fully expended.

**Computer Systems**

*Description of Computer System and How It’s Used*

We require you to use a personal computer and a tablet, which may be one that you already own. You will also use Square for your POS system. You must purchase a compatible tablet, stand and cash drawer (you cannot operate Square from your phone) along with Wi-Fi capabilities. You must purchase and use the VOIP phone system we designate. You will use QuickBooks Online for financial accounting. You must use all software and technology systems we provide in exchange for the technology fee, including Microsoft 365, Rallio (social media management technology platform) and our designated CRM. You must have typical office software such as Outlook, Excel and the latest operating program for Microsoft Windows. You must upgrade or update any system (hardware and/or software) when we determine. There is no contractual limit on the frequency or cost of this obligation.

The Square system is a portable point-of-sale system, capable of taking credit cards, debit cards, and cash transactions for all items pre- and post-sold and at the actual sale. Your computer system will generate or store data such as daily sales report, complete final sales report per sale (which you will provide to us and to your

clients) and monthly revenue, credit card charges and discounts given to buyers. A detailed list of items sold must be input into the Square system which must be shared with us and to your clients.

We provide you with up to 3 GRASONS® email addresses in exchange for our standard technology fee. You must exclusively use these email addresses for all communications with us, clients, suppliers and other persons relating to your Business. We may also provide you with a designated phone number for your business. If we do not provide a phone number, you must notify us of the primary phone number associated with your business. We will own all GRASONS® email addresses and your primary business phone number (whether provided by us or you), but allow you to use them during the term of the Franchise Agreement.

*Fees and Costs*

We estimate the cost of your personal computer, tablet and VOIP phone system will range from $450 to $6,200 dollars (the low-end assumes you use a computer and tablet you already own). The table below identifies the ongoing fees and costs you must pay for the software, technology, Apps, subscriptions and related services (including the software, technology and related services covered by the technology fee):

| **COMPUTER SYSTEM – ONGOING FEES AND COSTS** | | | |
|---|---|---|---|
| **Item** | **Fee (Monthly)** | **Fee (Annual)** | **To Whom Paid?** |
| Technology Fee* | Up to $750* (currently $250) | Up to $9,000 (currently $3,000) | Us |
| Square (point-of-sale system) | $0 to $90** | $0 to $1,080 | Third-Party Licensor |
| QuickBooks Online (financial accounting software) | $150 to $180 | $1,800 to $2,160 | Third-Party Licensor |

* In exchange for the base technology fee of $250 per month, you receive the following: Microsoft 365 license; Rallio license (social media management technology platform); a local webpage for your Business (linked to our corporate website); 1 CRM license (base fee includes main user license); up to 3 GRASONS® email addresses; and access to LMS (if implemented by us). If you require more than 3 email addresses, we may charge you an additional technology fee of $30 per month for each additional email address you require. If you require more than 1 CRM license, we may charge you an additional technology fee of $150 per month for each additional user license you require. The $750 monthly cap does not include fees for additional licenses.

** Square offers a free version of the point-of-sale system that may include higher merchant processing fees and may not include support and updates.

*Maintenance, Support, Updates and Upgrades*

In exchange for the monthly fees listed above, the licensor of QuickBooks online provides any required maintenance or updates for the software. If you choose to purchase additional maintenance and support contracts, we estimate the total cost could range from $360 to $1,800 per year. Neither we nor any other party has any other obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system.

*Collection, Sharing and Protection of Data*

You must enter all data we require into your point-of-sale and other designated systems on a daily basis in accordance with our data entry policies and procedures in the Manual. You must give us independent access to all information that will be generated or stored in your computer and point-of-sale system and any other systems we designate, including any merchant processing system. The information that we may access includes sales data, client data, financial data, operational data and reports. It will not include personnel records of your employees. You also provide us with independent access to your QuickBooks Online account, allowing us to view your financial accounting data. There is no contractual limitation on our right to access the data and information described above. The risks associated with the lack of contractual limits on our ability to access software data include risk of disclosure of your sensitive client/customer, employee, or company information resulting from cyber security events and/or data breaches.

**Training Programs**

*Initial Training*

We will provide an initial training program for your general managers (if any) and Operating Principal (you may send other owners to initial training but it is not required). These individuals must successfully complete initial training to our satisfaction within 90 days after signing the Franchise Agreement (and prior to opening). Initial training includes the following components:

1. *Virtual / Pre-Training*: The initial phase of training includes approximately 13 hours of remotely conducted virtual training with our team. This training is conducted as part of the onboarding process over a period of 4 to 6 weeks.
2. *Corporate Training*: After completion of virtual / pre-training, the trainees attend 3 to 4 days (4th day is optional) of training at our corporate office in Huntington Beach, California. This training occurs shortly before your opening date.
3. *Onsite Training*: Upon your request, we will send a representative to your Territory to provide 2 days of onsite training and assistance at the time your Business opens.

The format for training may include lectures, interactive role playing, conference calls and/or webinars. We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. Our initial training program currently consists of the following:

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Pre-Training<br>-The Operations Manual<br>-Understanding Your Competition<br>-The Grasons Experience | 5 | 0 | Virtual |
| Pre-Training<br><br>-Marketing Budget<br>-Search Engine Optimization/Web Layout<br>-Social Media Marketing (Organic)<br>-Branding/Brand Awareness<br>-Digital Advertising (Google)<br>-Creating a Marketing Plan<br>-Social Media Advertising<br>-Press and Media<br>-Measuring ROI | 8 | 0 | Virtual |
| Day 1: Tuesday –<br>Off Site at Sale:<br><br>Staging and Set Up a Sale<br>- How to Stage for Flow<br>- Managing Set Ip for the Sale: Steps & Processes<br>-Pictures for Listings<br>- On the Job Training<br><br>Classroom:<br>The Sales Process<br>-The Contract<br>-The Appointment<br>-Overcoming Objections<br>-Typical Questions | 4 | 5 | Huntington Beach, CA |

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Day 2: Wednesday –<br>Off Site at Sale<br><br>Staging and Set Up Continued<br>-Canvasing<br>-Learning Pricing Strategies<br>-Jewelry Training<br><br>Classroom:<br>- Review Q&A for Staging & Pricing.<br>-Building the Team<br>-Setting Goals<br>- Introduction to Business Liquidations<br>- Mock Client Interactions: Calls, Appointment, Contract, etc. | 4 | 5 | Huntington Beach, CA |
| Day 3: Thursday –<br>Off Site at Sale/Day 1 of Sale<br><br>Actual Sale<br>- Signage and Set Up<br>- How to Manage & Handle the Actual Sale<br>- Greeting Clients, Helping Buyers, Staging Throughout Sale, Register Training<br>- Security<br>- Q & A<br><br>Classroom:<br>-Review of What We Experienced<br>-Building Your Referral Network<br>-Operational Q&A | 3 | 6 | Huntington Beach, CA |
| Friday –<br>Off Site at Sale (optional)<br><br>Second Day of Sale<br>- Assist and Prepare to Run the Second Day of Sale With Experienced Franchisee<br>- Train on Discounts<br>- Q&A | 0 | 6 (Optional) | Huntington Beach, CA |
| Total | 24 | 16 to 22 | |

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes once per month. The instructional materials consist of the Manual and other materials, lectures, discussions, and on-the-job demonstration and practice. We do not charge you for training materials.

*Ongoing Training Programs*

From time to time, we may require that your Operating Principal and general managers attend refresher or supplemental training courses. At this time, we do not conduct refresher or supplement training courses. Any new Operating Principal you appoint must successfully complete our initial training program before assuming responsibility for the management of your Business. If we determine you are not operating your Business in compliance with the Franchise Agreement or the Manual, we may require that your Operating Principal and general managers attend remedial training relevant to the operational deficiencies. You may also request that we provide additional training (either at corporate office or in your Territory). We are not required to provide additional training you request (other than 2 days of onsite training at the time your Business opens).

We intend to hold an annual franchisee conference each year, which may, but need not, including a training component. Your Operating Principal must attend unless we provide you with a written waiver.

*Instructors*

Our training managers include Jeff Warfield and Victoria Nored. Mr. Warfield has been with us since 2024 and has 10 years of franchisee training and coaching experience. Ms. Nored has been with us since 2025 and has 14 years of industry experience.

*Training Fees and Costs*

We provide our preopening initial training program at no additional charge. We may charge a $1,500 initial training fee for any person you send to initial training after your opening date. We may charge you a training fee of up to $600 per person per day for each person who attends: (a) remedial training; (b) refresher or supplemental training; or (c) additional training you request. We may also charge this fee if you request any special assistance that we are not otherwise required to provide.

If we hold an annual franchisee conference, you must pay us a conference registration fee to help cover the costs. The registration fee is currently $495 per person per conference. The maximum conference registration fee we may charge is $2,000 per person per conference.

You must also reimburse our Travel Expenses for any onsite training or assistance we provide either: (a) at your request; or (b) in response to your breach of the Franchise Agreement or our required standards, specifications or operating procedures. You do not reimburse our Travel Expenses for the 2 days of onsite training we provide at your request when your Business opens. You are responsible for all wages and Travel Expenses you and your staff incur to attend training or conferences.

## ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands we control.

**Location of Your Business**

We anticipate that you will operate from a home office which must be located in your Territory. However, you must have a valid business mailing address (i.e., not a residential address) for the Business prior to opening. You may relocate your office anywhere in your Territory, and your Territory will remain unchanged.

**Description of Territory**

Your Franchise Agreement will specify a Territory that includes a minimum population of 300,000 people. A typical Territory includes a population ranging from 400,000 to 440,000 people. Your Territory will be specified by zip codes, county or city lines, or other boundaries. We use current census data from our territory mapping software (currently Gbbis) to determine the population within an area. However, we may use alternative demographic software, databases or other data repositories in the future. The population determination is made at the time we designate your Territory. We have no obligation to modify your Territory based on population changes during the term of the Franchise Agreement. Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria.

**Territorial Protections and Limitations**

We grant you certain territorial protections in your Territory. Except as described below, we will not provide, or license any person other than you to provide, Services under the Marks for clients located in your Territory. We and our affiliates reserve the right to:

1. provide, and license third parties to provide, Services for clients located in your Territory at any time that you are: (a) in default; or (b) incapable of meeting client demand in your Territory, as determined by us in our reasonable discretion;
2. operate, and license third parties to operate, businesses that offer services that are the same as or similar to the Services for clients located in your Territory, as long as these businesses do not operate under the Marks; and
3. acquire, be acquired by, or merge with other competitive businesses and operate them anywhere and, at our option, convert them to businesses operating under the Marks or any other name, even if located in your Territory.

**Alternative Channels of Distribution**

We reserve the right to sell and distribute, and license third parties to sell and distribute, products and services bearing the Marks (or different trademarks) within your Territory through other channels of distribution, including over the Internet or through telemarketing, direct marketing or catalogs. You are not entitled to any compensation for sales made by us or third parties within your Territory through other channels of distribution.

**Restrictions on Marketing and Operations Outside of Territory**

You cannot solicit or market to potential clients for Services outside of your Territory, except for any solicitation or marketing that is primarily targeted inside your Territory with only incidental circulation or distribution outside your Territory. You may only provide Services for clients located in your Territory, unless we provide our written permission for you to provide Services for clients outside your Territory. We may withdraw permission at any time. If you provide Services for a client located outside your Territory without our prior written permission, we may impose a fee equal to the greater of (a) $500 or (b) 75% of the revenue you receive from the client. This fee is a reasonable estimate of our internal cost of personnel time attributable to addressing your breach of these territorial provisions and is not a penalty or estimate of all damages arising from your breach. We also reserve the right to terminate the Franchise Agreement due to your breach.

The extra-territorial marketing restrictions described above only apply to marketing activities intended to solicit clients for the purchase of Services. They do not apply to advertising or marketing you conduct outside your Territory to attract prospective buyers who may be interested in purchasing items from your client as part of an estate sale or business liquidation.

You may conduct online auctions to advertise and sell property to purchasers located outside your Territory. Except as stated in the preceding sentence, you may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within or outside your Territory.

There are no other restrictions on your right to solicit clients, whether from inside or outside of your Territory.

**Additional Franchises and Territories**

We do not grant options, rights of first refusal or similar rights to acquire additional territories or Franchises. If you wish to purchase additional Franchises you must: (a) meet our then-current criteria for new franchisees; (b) demonstrate your capability to operate a multi-Territory Franchise successfully; (c) have substantially complied with your other Franchise Agreement(s) at all times since opening your Business(es); and (d) obtain our approval and execute our then-current form of Franchise Agreement and pay us an initial fee.

**Competitive Businesses Under Different Marks**

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the Services sold by a GRASONS® business. However, we reserve the right to do so.

## ITEM 13 TRADEMARKS

The Item contains information regarding the principal Marks that we license to you. Under the Franchise Agreement, we may require you to modify or discontinue using a Mark, at your expense. All Marks are owned by us. The Marks appearing in the following table have been registered on the Principal Register of the United States Patent and Trademark Office.

| Trademark | Registration Date (Renewal Date) | Registration Number |
|---|---|---|
| | March 10, 2015 (November 16, 2020) | 4,698,802 |
| | April 6, 2021 | 6,314,307 |
| GRASONS | May 11, 2021 | 6,345,453 |

All required affidavits relating to the Marks detailed in the chart above have been or will be filed at the appropriate time.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; (c) pending material litigation matters involving any of the Marks; (d) infringing uses we are aware of that could materially affect your use of the Marks; or (e) agreements that limit our right to use or sublicense use of the Marks.

You must notify us of the use of, or claims of rights to, a Mark identical to or confusingly similar to a Mark licensed to you. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks.

If you use our Marks in accordance with the Franchise Agreement, then (a) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the Mark, and (b) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Except as disclosed above, the Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.

## ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the Franchise Agreement, in a manner consistent with our ownership rights, solely for your Franchise.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright. There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

During the term of the Franchise Agreement, we allow you to use certain confidential and proprietary information (some of which constitute "trade secrets") relating to the development, marketing and operation of a GRASONS® business. Examples include:

- methods, techniques, policies, procedures, standards and specifications
- vendors lists and information
- client data
- marketing and merchandising strategies
- information comprising the System

We own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a GRASONS® business. We also own all operational and customer data pertaining to your Business (excluding personnel records of your employees). You must treat this data as confidential and proprietary. We license you the right to use this data during the term of your Franchise Agreement. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Business in compliance with the Franchise Agreement and Manual. All information in the Manual is

confidential. You may not disclose our confidential information to anyone other than your employees, on a need-to-know basis, without our prior permission. We may require your managers and key employees to sign confidentiality agreements. You may not enter any of our confidential or proprietary information into public/open AI models or any other AI model that uses such information to train the AI without our prior approval.

You must promptly notify us if you discover an unauthorized use of our proprietary information or copyrighted materials. We are not required to act, but will respond as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages you incur as a result of any such proceeding or litigation. There are no infringements known to us at this time.

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

**Owner Participation**

You must designate an owner with primary responsibility for the management and operation of your Business (the "Operating Principal"). The Operating Principal must: (a) successfully complete all training programs we require; (b) have binding decision-making authority; (c) dedicate full-time and best efforts to day-to-day management of the Business; (d) make reasonable efforts to attend all in-person and remote meetings (including telephonic meetings) and conferences we required (failure to attend 3 consecutive required meetings is a default under the Franchise Agreement); and (e) at all times hold at least a 10% ownership interest in the franchised business. When your Business performs Services for a client, the Operating Principal is not required to personally conduct "on-premises" supervision of each sale, but we highly recommend it.

Except for your Operating Principal, we do not require that your owners personally participate in the management or operation of your Business. If your business is owned by an entity, all owners of the business and the spouse of each owner must sign our Guaranty and Non-Compete Agreement that is attached to the Franchise Agreement.

**General Managers**

You may hire one or more general managers to assist the Operating Principal with the day-to-day management of the Business. Any person you hire as a general manager must successfully complete all training we require and sign the Brand Protection Agreement attached to the Franchise Agreement. We have no other requirements or restrictions on who you may hire as a general manager. We do not require that your general manager own any equity interest in the Franchise or the entity that is the franchisee.

## ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved. You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes. You must offer the Services only for clients located in your Territory. You may not offer other types of services under the Marks. There are no limitations with respect to the clients who purchase items from estate or business liquidation sales for clients located in your Territory.

## ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

| THE FRANCHISE RELATIONSHIP | | |
|---|---|---|
| **PROVISION** | **SECTIONS IN AGREEMENT** | **SUMMARY** |
| a. Length of franchise term | 3.1 | 10 years from date of Franchise Agreement. |
| b. Renewal or extension of the term | 3.2 | You do not have the contractual right to renew (subject to state law). If we offer you the right to renew, the renewal term will be 10 years. |

| THE FRANCHISE RELATIONSHIP | | |
|---|---|---|
| **PROVISION** | **SECTIONS IN AGREEMENT** | **SUMMARY** |
| c. Requirements for you to renew or extend | 3.2 | If we decide to offer you the right to renew (or if mandated by state law), then in order to renew you must: not be in default; give us timely notice; sign then-current form of franchise agreement; sign general release (subject to state law); pay renewal fee; conform your Business to then-current standards for new franchisees; have met Minimum Performance Criteria in §7.20 of Franchise Agreement.<br>If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract. |
| d. Termination by you | Not Applicable | You may terminate under any grounds permitted by law or if you and we mutually agree to terminate. |
| e. Termination by us without cause | Not Applicable | We may only terminate for cause. |
| f. Termination by us with cause | 14.1 | We can terminate if you default. |
| g. "Cause" defined - curable defaults | 14.1(a) & 14.1(b) | You have 10 days to cure any monetary default.<br>You have 30 days to cure any other default, other than defaults described below under "non-curable defaults". |
| h. "Cause" defined - non-curable defaults | 14.1(c) | The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training or open in timely manner; abandonment (ceasing operation for 5 days or more); conviction of certain crimes; violation of material law; libel or slander; commission of act that may adversely affect reputation of System or Marks; material misrepresentations; intentional submission of false information; refusal to cooperate with inspection; unauthorized Transfers; breach of brand protection covenant; 3 or more default notices in a 12-month period; breach of minimum sales requirement for 5 or more months during any 24-month period (commencing 13th month after opening); or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. |
| i. Your obligations on termination/ non-renewal | 14.2 to 14.4 | Obligations include: pay all amounts due; return Manual and proprietary items; notify phone, Internet, and other providers and transfer service; cease doing business and using the Marks and System; alter premises to remove any similarity or reference to a GRASONS® business (if you operate from a separate office location); cancel fictitious names relating to Marks; and provide us a copy of your business records, including client list. |
| j. Assignment of contract by us | 15.1 | No restriction on our right to assign. |
| k. "Transfer" by you – definition | 1 (definition of Transfer) | Includes ownership change or transfer of Franchise Agreement or assets. |
| l. Our approval of transfer by you | 1 (definition of Permitted Transfer) & 15.2 | You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval. |
| m. Conditions for our approval of transfer | 15.2 | Transferee must: meet our qualifications; not be a competitor; successfully complete training (or arrange to do so); sign then-current form of franchise agreement for remainder of term or, at our option, assume your Franchise Agreement; sign guaranty; and conform Business to our then-current System specifications.<br>You must: be in compliance with Franchise Agreement; pay transfer fee (subject to state law); and sign general release (subject to state law). |
| n. Our right of first refusal to acquire your business | 15.7 | We have the right to match any bona fide, arms-length offer for your Business. |

| THE FRANCHISE RELATIONSHIP | | |
|---|---|---|
| **PROVISION** | **SECTIONS IN AGREEMENT** | **SUMMARY** |
| o. Our option to purchase your business | Not Applicable | We do not have an option to purchase your Business except for our right of first refusal described above. |
| p. Your death or disability | 15.4 | Within 9 months, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers. |
| q. Non-competition covenants during the term of the franchise | 13.2(a) | Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any business competitive with a GRASONS® business which offers Estate Sale Services or Business Liquidation Services. |
| r. Non-competition covenants after the franchise is terminated or expires | 13.2(b) | For 2 years, no ownership or employment by a competitor operating: (a) within your Territory; or (b) within the Territory of any other GRASONS® business. |
| s. Modification of the agreement | 18.4 | No modification or amendment of the Franchise Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or System specifications. |
| t. Integration/ merger clause | 18.3 | The Franchise Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. However, this does not disclaim the representations made by us in this disclosure document. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise. |
| u. Dispute resolution by arbitration or mediation | 17.1, 17.2. & 17.3 | You must first bring any claim or dispute between you and us to our President and provide us with 30 days' notice and opportunity to cure. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party.<br>After exhausting this internal dispute resolution procedure, at out option, all claims or disputes must be submitted first to mediation, except for certain disputes involving our intellectual property or compliance with restrictive covenants (subject to applicable state law). |
| v. Choice of forum | 17.3 & 17.5 | All legal proceedings will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (currently Maricopa County, Arizona) (subject to applicable state law). |
| w. Choice of law | 18.8 | Subject to state law, the laws of Arizona shall govern. |

## ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote your Franchise.

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

**Defined Terms**

For purposes of this FPR, the following terms have the meanings given to them below.

"***Company-Owned Outlet***" means any GRASONS® business owned by: (a) us; (b) our affiliate; or (c) any person listed in Item 2 of this Disclosure Document if that person, or another person listed in Item 2 of this Disclosure Document, is also involved with managing the GRASONS® business.

"***FPR***" means the financial performance representation set forth in Item 19 of this Disclosure Document.

"***Franchised Outlet***" means any GRASONS® business owned by a franchisee.

"***Gross Sales***" means the gross sales price of all personal property directly or indirectly sold by the GRASONS® business via any method of sale or channel of distribution, including: (a) sales at physical locations; (b) consignment/auction sales; and (c) sales advertised or marketed by any media including on the Internet (or any other electronic method) or by classified ad, flyer, brochure or catalog. Gross Sales do not include bona fide refunds given to clients or sales taxes properly remitted to the taxing authority. Credit card charges are not deducted from Gross Sales.

"***Measuring Period***" means the period of time that begins January 1, 2025 and ends December 31, 2025.

"***Relocated Outlet***" means any GRASONS® business that closed and relocated to a new territory at any point during the Measuring Period.

"***Qualifying Outlet***" means any Company-Owned Outlet or Franchised Outlet that satisfies all of the following criteria: (a) the outlet was open and operating throughout the entire Measuring Period; (b) the outlet provided us with all data we requested in order to prepare the financial performance representation; (c) the outlet is not a Relocated Outlet.

**System Statistics**

For purposes of this FPR, each GRASONS® business may be referred to as an "outlet." If a franchisee owns Franchises for multiple territories, each Franchise/territory is considered a separate outlet. As of December 31, 2025 (the last day of the Measuring Period), there were: (a) 65 Franchised Outlets in operation, 55 of which are Qualifying Outlets; and (b) 0 Company-Owned Outlets in operation. The table below summarizes the outlet statistics and the number of Qualifying Outlets:

| System Statistics for FPR | | | | | | |
|---|---|---|---|---|---|---|
| | 2025 Transactions and Statistics | | | | Outlets Relocated During 2025 | Qualifying Outlets |
| Outlet Type | Open as of Jan 1, 2025 | New Openings | Closures | Open as of Dec 31, 2025 | | |
| Franchised | 59 | 10 | 4 | 65 | 0 | 55* |
| Company-Owned | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 59 | 10 | 4 | 65 | 0 | 55 |

* One Qualifying Outlet operates 2 territories in Chandler and Mesa, AZ and is unable to separately track Gross Sales on a "per-territory" basis due to the configuration of their point-of-sale system. As a result, we have divided their Gross Sales in half and reported these as if they were 2 separately operated territories. These territories appear in Subset 4 and Subset 6 below.

Because there were no Company-Owned Outlets in operation during the entire Measuring Period, this FPR is limited to data from Franchised Outlets. Of the 65 outlets that were open as of the end of the Measuring Period, 10 did not qualify as "Qualifying Outlets" (and their information was excluded from this FPR) because they opened in 2025 and were not open the entire Measuring Period. There were no excluded outlets that closed during the Measuring Period after being open less than 12 months and which opened during the Measuring Period. There are no material differences between the operations of the Qualifying Outlets whose data has been provided in this

FPR and the franchised business offered under this Disclosure Document.

**Subsets Utilized**

We have broken out the data into brackets based on total Gross Sales, including top 25%, mid-upper 25%, mid-lower 25%, bottom 25%, upper 50% and bottom 50%. Each bracket is a "subset". The following table identifies the total number of Qualifying Outlets in each subset:

| SUBSETS | | |
|---|---|---|
| **Subset** | **Criteria** | **Number of Qualifying Outlets in Subset** |
| Subset 1 | Top 25% of Outlets by Gross Sales | 13 Outlets |
| Subset 2 | Mid-Upper 25% of Outlets by Gross Sales | 14 Outlets |
| Subset 3 | Mid-Lower 25% of Outlets by Gross Sales | 14 Outlets |
| Subset 4 | Bottom 25% of Outlets by Gross Sales | 14 Outlets |
| Subset 5 | Top 50% of Outlets by Gross Sales | 27 Outlets |
| Subset 6 | Bottom 50% of Outlets by Gross Sales | 28 Outlets |

**Financial Performance Representation**

The following table presents the historical Gross Sales achieved by the Qualifying Outlets during the Measuring Period. The data includes highest Gross Sales, lowest Gross Sales, median Gross Sales, average Gross Sales and the number and percentage of outlets that attained or surpassed the stated average Gross Sales.

| 2025 GROSS SALES: FRANCHISED OUTLETS | | | | | |
|---|---|---|---|---|---|
| **Subset (Number of Outlets in Subset)** | **Highest** | **Lowest** | **Median** | **Average** | **Number & Percent that Achieved/Surpassed Average** |
| Subset 1 – Top 25% (13 Outlets) | $1,307,050 | $264,175 | $537,727 | $556,687 | 5 of 13 (38%) |
| Subset 2 – Mid-Upper 25% (14 Outlets) | $262,181 | $133,764 | $178,568 | $190,704 | 5 of 14 (36%) |
| Subset 3 – Mid-Lower 25% (14 Outlets) | $127,044 | $48,889 | $82,081 | $82,282 | 6 of 14 (43%) |
| Subset 4 – Bottom 25% (14 Outlets) | $38,369 | $0 | $8,475 | $11,868 | 5 of 14 (36%) |
| Subset 5 – Top 50% (27 Outlets) | $1,307,050 | $133,764 | $262,181 | $366,918 | 10 of 27 (37%) |
| Subset 6 – Bottom 50% (28 Outlets) | $127,044 | $0 | $43,629 | $47,075 | 14 of 28 (50%) |

Notes:

1. Source of Data: We prepared the FPR for Franchised Outlets based on data we obtained from the point-of-sale systems utilized by the franchisees.
2. No Expenses: The financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

**Some GRASONS® businesses have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do 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 our management by contacting Greg Esgar, 8100 E. Indian School Road, Suite 201, Scottsdale, Arizona 85251, 714-846-3800, the Federal Trade Commission and the appropriate state agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2023 TO 2025**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2023 | 31 | 46 | +15 |
| | 2024 | 46 | 59 | +13 |
| | 2025 | 59 | 65 | +6 |
| Company-Owned | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 |
| Total Outlets | 2023 | 31 | 46 | +15 |
| | 2024 | 46 | 59 | +13 |
| | 2025 | 59 | 65 | +6 |

**TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR) FOR YEARS 2023 TO 2025**

| State | Year | Number of Transfers |
|---|---|---|
| Arizona | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 2 |
| Total | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 2 |

**TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2023 TO 2025**

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of Year |
|---|---|---|---|---|---|---|---|---|
| Arizona | 2023 | 1 | 5 | 0 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| | 2025 | 7 | 1 | 0 | 0 | 0 | 0 | 8 |
| California | 2023 | 26 | 0 | 0 | 0 | 0 | 0 | 26 |
| | 2024 | 26 | 1 | 0 | 0 | 0 | 0 | 27 |
| | 2025 | 27 | 0 | 0 | 0 | 0 | 0 | 27 |
| Colorado | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 4 | 0 | 0 | 0 | 0 | 5 |
| | 2025 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |

| TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2023 TO 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **State** | **Year** | **Outlets at Start of Year** | **Outlets Opened** | **Terminations** | **Non-Renewals** | **Reacquired by Franchisor** | **Ceased Operations - Other Reasons** | **Outlets at End of Year** |
| Florida | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| Georgia | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 3 | 0 | 0 | 0 | 0 | 4 |
| | 2025 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| Indiana | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Illinois | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 1 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Michigan | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Minnesota | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Nevada | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New Jersey | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New York | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| North Carolina | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ohio | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| Pennsylvania | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Tennessee | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2025 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |

| TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2023 TO 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **State** | **Year** | **Outlets at Start of Year** | **Outlets Opened** | **Terminations** | **Non-Renewals** | **Reacquired by Franchisor** | **Ceased Operations - Other Reasons** | **Outlets at End of Year** |
| Texas | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Virginia | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Washington | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Wisconsin | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Totals | 2023 | 31 | 15 | 0 | 0 | 0 | 0 | 46 |
| | 2024 | 46 | 17 | 4 | 0 | 0 | 0 | 59 |
| | 2025 | 59 | 10 | 4 | 0 | 0 | 0 | 65 |

| TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2023 TO 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **State** | **Year** | **Outlets at Start of Year** | **Outlets Opened** | **Outlets Reacquired From Franchisee** | **Outlets Closed** | **Outlets Sold to Franchisee** | **Outlets at End of Year** |
| Totals | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 |

| TABLE 5 – PROJECTED OPENINGS AS OF DECEMBER 31, 2025 | | | |
|---|---|---|---|
| **State** | **Franchise Agreements Signed But Outlet Not Opened** | **Projected New Franchised Outlets in the Next Fiscal Year** | **Projected New Company-Owned Outlets in the Next Fiscal Year** |
| Florida | 1 | 1 | 0 |
| Totals | 1 | 1 | 0 |

Notes to Tables:

1. Multiple outlets were created and merged from existing Franchises, such as the Santa Clara Territory being integrated into East Alameda.
2. Some franchisees have opened up 2 offices in their Territory, as reflected on EXHIBIT "G", although they are counted only once in the chart above.

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "G" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2025. In addition, EXHIBIT "G" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

As a standard practice, when we enter into a Termination and Release Agreement with a former franchisee, we require the former franchisee to maintain all information that the former franchisee has about us confidential. In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

## ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as EXHIBIT "E" are: (a) audited consolidated financial statements for EHC Holding Company, LLC, our parent, for the fiscal years ended December 31, 2025, December 31, 2024 and December 31, 2023. Our parent, EHC Holding Company, LLC, has guaranteed our performance with you. A copy of the guaranty of performance is attached as EXHIBIT "E"-1.

Our fiscal year end is December 31 of each year.

## ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

| | |
|---|---|
| EXHIBIT "B" | Franchise Agreement (with Guaranty and Non-Compete Agreement, Brand Protection Agreement and ACH Authorization Agreement) |
| EXHIBIT "C" | Form of General Release |
| EXHIBIT "H" | State Addenda to Franchise Agreement |

## ITEM 23 RECEIPTS

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

**EXHIBIT "A"**

**TO DISCLOSURE DOCUMENT**

## LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

**CALIFORNIA**
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

**HAWAII**
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Agents for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

**ILLINOIS**
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

**INDIANA**
Secretary of State
Securities Division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

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

Agent for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

**MICHIGAN**
Franchise Section
Consumer Protection Division
525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517) 335-7567

**MINNESOTA**
Commissioner of Commerce
Director of Registration
85 Seventh Place East, #280
St. Paul, Minnesota 55101-3165
(651) 539-1500

**NEW YORK**
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
Phone: (212) 416-8222

Agents for Service of Process:
Secretary of State
99 Washington Avenue
Albany, NY 12231

**NORTH DAKOTA**
North Dakota Securities Department
State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

**RHODE ISLAND**
Department of Franchise Regulation
1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

**SOUTH DAKOTA**
Department of Labor and Regulation
Division of Insurance Securities Regulation
124 S Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

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

Agents for Service of Process:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

**WASHINGTON**
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

Mailing Address:
Department of Financial Institutions
Securities Division
PO BOX 41200
Olympia, WA 98504-1200

**WISCONSIN**
Department of Financial Institutions
Division of Securities
201 W Washington Avenue, Suite 500, Madison, WI 53703
(608) 261-9555


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**EXHIBIT "B"**

**TO DISCLOSURE DOCUMENT**

## FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

1505 Corporation
CT Corporation System
330 N. Brand Blvd.
Glendale, California 91203

In states listed in EXHIBIT "A", the additional agent for Service of Process is listed in EXHIBIT "A".


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**EXHIBIT "C"**

**TO DISCLOSURE DOCUMENT**

## FRANCHISE AGREEMENT

*[See Attached]*


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# FRANCHISE AGREEMENT

## SUMMARY PAGE

**1. Effective Date (first paragraph):** _____

**2. Franchisee's Name (first paragraph):** _____

**3. Franchisee is a (check one):**

_____ Sole Proprietorship
_____ Partnership
_____ Limited Liability Company
_____ Corporation

**State of Organization** *(if applicable):* _____

**4. Territory (Section 2.1)** *(attach map if necessary)*: _____

_____

**5. Ownership of Franchisee (Section 2.3):** If the franchisee is an entity, the following persons constitute all the owners ("**Owners**") of a legal and/or beneficial interest in Franchisee:

| Name | Percentage Ownership |
|---|---|
| | |
| | |
| | |
| | |
| | |

**6. Operating Principal (Section 2.4):** _____

**7. Initial Franchise Fee (Section 4.1):** $_____

**8. Location (Section 6.1):** _____

**9. Franchisee's Address for Legal Notices (if different than Location):** _____

_____

**10. Additional Terms *(if any)*:** _____

_____

_____

Initials: _____(B & P Burke, LLC) _____(Franchisee)

# FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the date (the **"Effective Date"**) set forth on the Summary Page, which appears after the cover page of this Agreement (the **"Summary Page"**) (the Summary Page and all appendices and schedules attached to this Agreement are hereby incorporated by this reference), by and between **B & P Burke, LLC**, a California limited liability company (**"Franchisor"**) and the individual or entity identified on the Summary Page as the franchisee (**"Franchisee"**) with his, her or its principal place of business as set forth on the Summary Page.

**Background Statement:**

A. Franchisor has created and owns a system (the **"System")** for developing and operating businesses that specialize in providing Services (as defined) under the trade name GRASONS®.

B. The distinguishing characteristics of the System include, without limitation: distinctive business formats; procedures; the Confidential Operating Manual (the **"Manual"**); procedures for operations, accounting, and management; training and assistance; and advertising and promotional programs, all of which may be changed by Franchisor from time to time.

C. The parties desire that Franchisor license the Marks and the System to Franchisee for Franchisee to develop and operate a GRASONS® business on the terms and conditions of this Agreement.

**1. DEFINITIONS**. Capitalized terms not defined above have the meanings given to them below:

"**ACH Agreement**" means the ACH Authorization Agreement attached hereto as Attachment 3.

"**Action**" means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

"**AI Technology**" means an engineered or machine-based system designed to simulate human intelligence that exhibits adaptiveness after deployment and/or generates outputs (e.g., predictions, recommendations or decisions) for a given set of inputs/objectives, including systems employing computation techniques to simulate intelligent behavior or automate complex tasks (e.g., machine learning, deep learning, natural language processing, computer vision, neural networks, generative artificial intelligence, predictive analytics, intelligent automation tools and algorithmic processing systems).

"**Approved Vendor**" means a supplier, vendor, or distributor of Products and Services which has been approved by Franchisor.

"**Brand Fund**" means the fund established (or which may be established) by Franchisor into which Brand Fund Contributions are deposited.

**"Brand Fund Contribution"** is defined in §4.3.

**"Business"** means the GRASONS® Business owned by Franchisee and operated under this Agreement.

**"Business Liquidation Services"** means the sale and disposal of business assets of a commercial enterprise due to a business closure or move, branch closure or move, or other change in circumstances.

"**Competitor**" means any business competitive with a GRASONS® Business that offers Estate Sale Services and/or Business Liquidation Services (except for any businesses operated by Franchisee pursuant to a license from Franchisor or one of Franchisor's affiliates).

"**Confidential Information**" means all non-public information of or about the System, Franchisor, and any GRASONS® Business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, client data, information, intellectual property and know-how.

**"Digital Marketing"** is defined in §9.6.

**"Effective Date"** is defined on the Summary Page.

**"Estate Sale Services"** means the sale of personal property for an individual, trustee or personal representative due to a long-distance move, divorce, death, bankruptcy, or other change in circumstances.

**"GRASONS® Business"** means any business offering estates sale and business liquidation services that Franchisor authorizes to operate under the Marks and using the System.

**"Gross Sales"** means the gross sales price of all personal property sold, directly or indirectly, by Franchisee or any of its owners by any method including, without limitation: (a) sales at physical locations; (b) consignment/auction sales; and (c) sales advertised or marketed by any media including on the Internet (or other electronic method) or by classified ad, flyer, brochure or catalog. Gross Sales excludes: (a) revenue that Franchisee collects from a client and later refunds to that client in a bona fide refund transaction; and (b) sales or use taxes Franchisee collects and properly remits to a taxing authority. Credit card charges may not be deducted from Gross Sales.

**"Indemnitees"** is defined in §16.1.

**"Innovations"** is defined in §11.4.

"**Location**" is defined on the Summary Page.

"**Losses**" includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys' fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Franchisor's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

"**Manual**" means Franchisor's confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

"**Marks**" means and includes all service marks, trademarks, trade names and logos that Franchisor designates from time to time and authorizes GRASONS® Businesses to use, including GRASONS®, GRASONS CO.™, GRASONS ESTATE SALE SERVICES™, GRASONS CO. ESTATE SALES & BUSINESS LIQUIDATION SERVICES™ and the associated logos. The Marks also include any distinctive trade dress used to identify a GRASONS® Businesses or the products it sells.

**"Minimum Performance Criteria"** is defined in §7.20.

"**Owner**" means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual, then **"Owner"** means Franchisee.

**"Performance Year"** is defined in §7.20.

**"Operating Principal"** is defined on the Summary Page.

**"Permitted Transfer"** means: (a) a Transfer from one owner to another owner who was an approved owner prior to the Transfer; (b) a Transfer to a newly established business entity with respect to which the transferring owners collectively own and control 100% of the ownership interests; and/or (c) a Transfer of less than a 25% ownership interest. However, any Transfer described in (a), (b) or (c) will not be deemed a "Permitted Transfer" if the Transfer results in a change of control or results in the Operating Principal no longer holding a 10% or greater ownership interest in the Business or the franchisee entity.

"**Privacy Information**" means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet protocol address, email address, account name, social security number,

driver's license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer's interaction with an Internet website, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); and inferences drawn from any of the information identified in this subsection to create a profile about a consumer reflecting the consumer's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. Privacy Information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

"**Products and Services**" means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or comparable items related to establishing or operating the Business.

"**Required Vendor**" means a supplier, vendor, or distributor of Products and Services that Franchisor requires Franchisee to use.

**"Restricted Parties"** is defined in §13.2(a).

**"Royalty Fee"** is defined in §4.2.

**"Services"** means, collectively, Estate Sale Services and Business Liquidation Services.

"**System Standards**" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Franchisor, including without limitation, any procedures, requirements and/or standards for appearance, business metrics, uniforms, vehicles, cleanliness, client service, data protection and privacy, design, equipment, inventory, marketing and public relations, minimum numbers and types of personnel, operating hours, presentation of Marks, product offerings, quality of services, reporting, safety, service offerings, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, other software, backup and archiving systems, communications systems, payment acceptance systems (including credit and debit card systems, check verification services, and other payment systems, as well as any compliance programs relating to those systems), and Internet access, as well as upgrades, supplements, and modifications thereto).

**"Summary Page"** is defined in the first paragraph of this Agreement.

**"Technology Fee"** is defined in §4.4.

"**Territory**" is defined on the Summary Page.

"**Transfer**" means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

(a) this Agreement (or any interest therein);

(b) the franchise or intellectual property rights granted by this Agreement (or any interest therein);

(c) Franchisee's business assets, excluding the sale of furniture, fixtures or equipment in the ordinary course;

(d) the Business Franchisee conducts pursuant to this Agreement (or any interest therein); or

(e) an equity or ownership interest in the Business or franchisee entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional equity interests (including public and private offerings); foreclosure of a security interest by a lender; or operation of law, will or a trust upon an Owner's death (including via the laws of intestate succession).

"**Travel Expenses**" means, as applicable, all travel, meals, lodging, local transportation and other living expenses incurred: (a) by Franchisor and Franchisor's trainers, field support personnel, auditors or other representatives to visit Franchisee's Territory; or (b) by Franchisee or Franchisee's personnel to attend training programs or conferences.

## 2. GRANT OF LICENSE

**2.1.** **Grant**. Franchisor grants to Franchisee the right to operate a Business solely in the Territory. Franchisee shall develop, open and operate the Business in the Territory for the entire term of this Agreement. The parties acknowledge that Franchisee must operate the Business according to System Standards, however, the means of satisfying the System Standards are left to the control and discretion of Franchisee.

**2.2.** **Protected Territory**.

(a) Limitation. Franchisee shall not solicit or market to potential clients for Services outside of the Territory, except for solicitations or marketing which are primarily targeted inside the Territory, and which incidentally reach potential clients outside of the Territory.

(b) Service. Franchisee shall not provide Services for clients outside of the Territory without Franchisor's prior written permission. Franchisor may withdraw permission at any time. If Franchisee provides Services for a client outside of the Territory without Franchisor's prior written consent, Franchisor may impose a fee equal to the greater of (i) $500, or (ii) 75% of the amount paid by such client to Franchisee. This fee is a reasonable estimate of Franchisor's internal cost of personnel time attributable to addressing Franchisee's breach of this Section and is not a penalty or estimate of all damages arising from Franchisee's breach. This fee is in addition to Franchisor's other rights and remedies.

(c) Territorial Protections. Franchisee is not granted any exclusive or protected territorial rights except for those expressly set forth in this §2.2(c). Except as otherwise provided below, Franchisor and its affiliates shall not: (i) provide Services under the Marks for clients located in the Territory; or (ii) license or franchise another party to provide Services under the Marks for clients located in the Territory. Notwithstanding the foregoing, at all times during the term of this Agreement, Franchisor and its affiliates reserve the right to:

(i) provide, and license third parties to provide, Services for clients located in the Territory at any time Franchisee is in default or incapable of meeting client demand in the Territory, as determined by Franchisor in its reasonable discretion;

(ii) operate, and license third parties to operate, businesses that offer services and products, which may be the same as or similar to the Services offered by Franchisee, for clients located in the Territory as long as these businesses do not operate under the Marks;

(iii) sell and distribute, and license third parties to sell and distribute, products and services (including the Services) bearing the Marks (or different trademarks) within the Territory through other channels of distribution, including, without limitation, over the Internet or through telemarketing, direct marketing or catalogs; and

(iv) acquire, be acquired by, or merge with other competitive businesses and operate them anywhere and, at Franchisor's option, convert them to businesses operating under the Marks or any other name, even if located and operated within the Territory.

Franchisor reserves all rights not expressly granted to Franchisee pursuant to this Agreement.

(d) Policies. Franchisor may set policies binding on all franchisees regarding soliciting, marketing, and serving clients in another franchisee's territory, and Franchisor may waive or modify such policies in any circumstance as Franchisor determines. If Franchisee obtains a client in the protected territory of another franchisee, then, in addition to all other rights and remedies Franchisor may have, Franchisor may in its discretion require Franchisee to transfer the client to such other franchisee or fashion such other remedy as Franchisor deems appropriate.

**2.3.** **Franchisee Control**. Franchisee represents that the Summary Page identifies each owner of Franchisee and describes the nature and percentage of each owner's interest in Franchisee. If any owner information on the Summary Page changes, Franchisee shall notify Franchisor within 10 days.

**2.4.** **Operating Principal**. Franchisee agrees that the person designated as the "**Operating Principal**" on the Summary Page is the executive primarily responsible for the Business. The Operating Principal must: (a) have at least a 10% ownership interest in Franchisee at all times; (b) have decision-making authority on behalf of and authority to bind Franchisee; and (c) devote his or her full time and best efforts to the operation of the Business. If the Operating Principal dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Operating Principal, subject to Franchisor's reasonable approval.

**2.5.** **Guaranty**. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to Franchisor, in the form of ATTACHMENT 1.

**2.6.** **No Conflict**. Franchisee represents to Franchisor that Franchisee and each of its Owners are not: (a) violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement; (b) a direct or indirect owner of any Competitor; or (c) listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

## 3. TERM

**3.1.** **Term**. The term of this Agreement commences on the Effective Date and expires on the 10th anniversary of the Effective Date.

**3.2.** **Successor Agreement**. This Agreement does not grant Franchisee any renewal rights; *provided, however*, that Franchisor: (a) may offer Franchisee renewal rights at Franchisor's discretion; or (2) shall offer Franchisee renewal rights if required by applicable Law. If Franchisor offers Franchisee renewal rights, Franchisee shall have the option to renew the franchise by signing a Successor Agreement (as defined in clause (d) below) for a 10-year renewal term provided that Franchisee satisfies each of the following conditions to renewal:

(a) Franchisee notifies Franchisor of the election to renew between 210 and 300 days prior to the end of the term;

(b) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Franchisor (or any of its affiliates) at the time of election and at the time of renewal;

(c) Franchisee has made or agrees to make (within a period of time acceptable to Franchisor) renovations and changes to the Business as Franchisor requires to conform to the then-current System Standards;

(d) Franchisee executes Franchisor's then-current standard form of franchise agreement (a "**Successor Agreement**"), which may be materially different than this form (including, without limitation, higher and/or different fees), except that the form of the franchise agreement will be amended to provide that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section;

(e) Franchisee pays Franchisor renewal fee of $20,000;

(f) Franchisee and each Owner executes a general release (on Franchisor's then-standard form) of any and all claims against Franchisor, its affiliates, and their respective owners, officers, directors, agents and employees; and

(g) Franchisee has met the Minimum Performance Criteria in §7.20.

If Franchisor elects not to renew or offer Franchisee the right to renew, Franchisor shall send Franchisee a notice of non-renewal at least 180 days before the expiration date that sets forth the basis for Franchisor's decision. If Franchisee objects to Franchisor's non-renewal notice or disputes the basis for Franchisor's decision, Franchisee must send Franchisor a notice of objection that sets forth the basis for Franchisee's objection. Failure to send Franchisor an objection notice within 30 days after Franchisee receives Franchisor's non-renewal notice constitutes Franchisee's consent to the non-renewal of the franchise.

**3.3.** **Interim Term**. If Franchisee does not sign a Successor Agreement but continues to operate the Business after the term of this Agreement expires, Franchisor may either treat this Agreement as: (a) expired as of the term expiration date with Franchisee operating in violation of Franchisor's rights; or (b) continued on a month-to-month basis (the "**Interim Term**") until either party provides the other party with 30 days' prior notice of termination of the Interim Term. All of Franchisee's obligations remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations imposed on Franchisee upon expiration of the term will take effect upon termination of the Interim Term.

## 4. FEES

**4.1.** **Initial Franchise Fee**. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable under any circumstances.

**4.2.** **Royalty Fee**. Commencing with the opening date of the Business, Franchisee shall pay Franchisor a monthly royalty fee (the "**Royalty Fee**") equal to the greater of: (a) the minimum monthly royalty fee; or (b) or 6.5% of monthly Gross Sales. The "minimum monthly royalty" is: (a) $500 per month during each of the first 12 months after the opening date; (b) $750 per month for each of the 13th through the 24th month after the opening date; and (c) $1,000 per month for the remaining term of this Agreement. The Royalty Fee is due on or before the fifth (5th) day of the month following the month in which the Gross Sales accrued.

**4.3.** **Brand Fund Contribution**. Franchisee shall pay Franchisor a monthly contribution to the Brand Fund equal to the greater of $250 per month or 2% of monthly Gross Sales (the "**Brand Fund Contribution**"), payable at the same time as the Royalty Fee. Franchisor reserves the right to modify the frequency, manner, or method of payment upon providing reasonable notice to Franchisee (which need not exceed 30 days).

**4.4.** **Technology Fee**. Franchisee shall pay Franchisor a monthly technology fee (the "**Technology Fee**") in exchange for software and other technology-related services and products provided by or through Franchisor, payable at the same time as the Royalty Fee or as otherwise specified by Franchisor from time to time. The Technology Fee does not have to be a pass-through of Franchisor's costs. Franchisor has no liability or obligation to Franchisee with respect any third-party software or other technology-related services and products that Franchisor provides to Franchisee. The Technology Fee for a given period is due and payable at the same time as the Royalty Fee, unless Franchisor determines otherwise. Franchisor may add, remove, or alter the software or technology products or services that it provides. Franchisor may increase the Technology Fee annually upon 30 days' prior written notice. Franchisor shall list the then-current Technology Fee in the Manual (not to exceed $750 per month, excluding fees associated with additional user licenses for the CRM).

**4.5.** **Third Party Vendors**. If Franchisor requires Franchisee to use a designated third-party vendor, Franchisor has the right (but not the obligation) to collect payment on behalf of the vendor and remit

the payment to the vendor. If Franchisor does so, it may impose a reasonable markup or charge for administering the payment program (not to exceed 20% of the payments collected).

**4.6.** **Noncompliance Fees and Reimbursements**. Franchisee acknowledges the importance of every one of Franchisor's standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If Franchisor notifies Franchisee of a breach of System Standards or required operating procedures (including failure to submit required reports in a timely manner) and Franchisee fails to correct the noncompliance within the period of time Franchisor prescribes, then, in addition to any other remedies available to Franchisor under this Agreement, Franchisor may impose a noncompliance fee of $250 per occurrence. Franchisor may impose an additional $250 fee every week the same noncompliance issue remains uncured after Franchisor imposes the initial fee. Any noncompliance fees Franchisor collects are paid in consideration of Franchisor refraining from exercising its contractual right to terminate this Agreement. This fee also constitutes a reasonable estimate of Franchisor's internal cost of personnel time attributable to addressing the non-compliance and is not a penalty or estimate of all damages arising from Franchisee's breach. If Franchisor takes steps to cure a default committed by Franchisee after the expiration of any applicable cure period, including, without limitation, obtaining required insurance coverage on Franchisee's behalf or paying amounts Franchisee owes to approved or designated suppliers, then Franchisee must: (a) reimburse Franchisor for all costs and expenses Franchisor directly or indirectly incurs in connection with its efforts to cure the default; and (b) pay Franchisor an administrative fee calculated as 20% of the total amount of such costs and expenses. Franchisor's acceptance of noncompliance fees and default expense reimbursements shall not be construed as a waiver of any of Franchisor's rights or remedies under this Agreement and Franchisor retains the right to terminate this Agreement in accordance with §14.1 should the default continue after Franchisor collects these amounts. All fees and expense reimbursements set forth in this Section are due 15 days after invoicing, except Franchisor may automatically debit Franchisee's account for the $250 non-compliance fee as of the expiration of the cure period for the associated default, and each thereafter until fully cured.

**4.7.** **CPI Adjustments**. Franchisor reserves the right to periodically adjust all fees (including minimum fees) expressed as a fixed dollar amount based on changes to the Consumer Price Index in the United States (CPI). Franchisor may periodically review and increase these fees up to the increase in the CPI, but only if the then-current CPI ("**Current CPI**") is more than 5% higher than the corresponding CPI in effect on: (a) the Effective Date of this Agreement (for the initial fee adjustment); or (b) the date Franchisor implemented the last fee adjustment (for subsequent fee adjustments) ("**Baseline CPI**"). The adjusted fee is calculated by multiplying the current fee by the sum of one (1) plus a fraction: (a) the numerator of which is Current CPI minus Baseline CPI; and (b) the denominator of which is Baseline CPI. Franchisor may utilize any CPI index series published by the U.S. Department of Labor or any comparable Governmental Authority that Franchisor deems appropriate. Franchisor currently uses the following index: All Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average (1982-84 = 100), "All Items". Franchisor will notify Franchisee of any CPI adjustment at least 60 days before the fee adjustment becomes effective. Franchisor may implement no more than one (1) fee adjustment during any five (5) year period. If Franchisor declines to exercise its right to increase the fees in a given five (5) year period despite a 5% or greater CPI increase, that potential fee increase will accumulate and may be carried forward and applied in connection with a subsequent fee adjustment.

**4.8.** **Payment Terms.**

(a) Method of Payment. No later than 15 days after the Effective Date, Franchisee must complete and send Franchisor a signed ACH Agreement authorizing Franchisor to electronically debit Franchisee's designated bank account (the "Account") for all fees and other amounts owed to Franchisor and its affiliates on the applicable due date, excluding amounts due less than 15 days after the Effective Date. Franchisee must sign all other documents required by Franchisor or by Franchisee's bank to enable Franchisor to debit the Account for amounts owed. Franchisee must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in the Account, any excess amounts

Franchisee owes will be payable upon demand together with any late fee and default interest imposed pursuant to §4.8(c). Franchisee shall not close the Account or make any changes to the Account without Franchisor's prior written approval.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to Franchisor by the fifth ($5^{th}$) day of the following month. If Franchisee fails to report monthly Gross Sales, then Franchisor may withdraw estimated Royalty Fees equal to 125% of the last Gross Sales reported to Franchisor, and Brand Fund Contributions and Technology Fees as specified in §4.3 and §4.4 above. The parties will true-up the actual Royalty Fees due after Franchisee reports Gross Sales. Franchisee acknowledges that Franchisor has the right to remotely access Franchisee's computer software and hardware to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a $150 "late fee" plus interest on the unpaid amount at a rate equal to 10% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. If Franchisee's Account has insufficient funds to cover fees or other amounts debited by Franchisor in accordance with §4.8(a), or if Franchisee issues a check to Franchisor that is returned for insufficient funds, Franchisor may impose (in addition to any applicable late fee and default interest) an NSF fee equal to the lesser of $50 or the maximum NSF fee permitted by applicable law.

(e) Costs of Collection/Enforcement. Franchisee shall repay any costs incurred by Franchisor (including reasonable attorney fees) in attempting to collect payments owed by Franchisee and otherwise enforcing Franchisor's rights under this Agreement, even if such amounts are incurred prior to the filing of a lawsuit or other legal proceeding.

(f) Application. Franchisor may apply any payment received from Franchisee to any obligation and in any order as Franchisor may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Franchisor any fees or amounts described in this Agreement are not dependent on Franchisor's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Taxes. Franchisee will be responsible for all sales taxes, use taxes, and other taxes imposed on the fees payable by Franchisee to Franchisor or its affiliates and on services or goods furnished to Franchisee by Franchisor or its affiliates, unless the tax is an income tax assessed on Franchisor or its affiliate for doing business in the state where the Business is located.

## 5. ASSISTANCE

**5.1. Manual**. Franchisor shall make its Manual available to Franchisee.

**5.2. Pre-Opening Assistance**.

(a) Selecting Location. If Franchisee's Location is not listed on the Summary Page, Franchisee shall select a Location to serve as its primary place of business within the Territory prior to opening. If Franchisee operates from a home office, Franchisee must maintain a valid business mailing address (that is not a residential address) throughout the term of this Agreement.

(b) Pre-Opening Specifications and Vendors. To the extent not included in the Manual, Franchisor shall provide Franchisee with: (a) applicable System Standards and other specifications as Franchisor deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters); and (b) Franchisor's lists of Approved Vendors and/or Required Vendors.

(c) Business Plan Review. If requested by Franchisee, Franchisor shall review and advise on Franchisee's pre-opening business plan and financial projections. Franchisee acknowledges that Franchisor accepts no responsibility for the performance of the Business.

(d) Pre-Opening Training. Franchisor shall make available its standard pre-opening training to the Operating Principal and up to one (1) other employee, at Franchisor's corporate office and/or at a GRASONS® Business designated by Franchisor. Initial training also includes virtual training that must be completed prior to attending classroom training at Franchisor's corporate office. Franchisee may send additional owners or employees to initial training only with Franchisor's prior written approval, which approval shall not be unreasonably withheld provided that the designated training facility has adequate space to accommodate the additional attendees. Franchisee is responsible for its own Travel Expenses. The Operating Principal must successfully complete pre-opening training within 90 days after the Effective Date. Franchisor may, at its discretion, elect to conduct all or any portion of initial training virtually.

(e) Market Introduction Plan. Franchisor shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(f) On-Site Opening Assistance. If requested by Franchisee, Franchisor shall have a representative support Franchisee's business opening with two (2) days of onsite opening training and assistance.

(g) Initial Equipment Package. Franchisor will provide Franchisee with an initial equipment package at no charge.

**5.3. Post-Opening Assistance**.

(a) Advice, Consulting, and Support. If Franchisee requests, Franchisor will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Franchisor deems reasonable. If Franchisor provides in-person support (a) in response to Franchisee's request or (b) in response to Franchisee's breach of this Agreement or the System Standards, Franchisor may charge its then-current fee plus any Travel Expenses.

(b) Pricing. Upon request, Franchisor will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. Franchisor will provide Franchisee with Franchisor's recommended administrative, bookkeeping, accounting, and inventory control procedures. Franchisor may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Franchisor shall manage the Brand Fund.

(e) Internet. Franchisor shall maintain a website for the GRASONS® brand, which will include Franchisee's location (or territory) and telephone number.

## 6. LOCATION, DEVELOPMENT, AND OPENING

**6.1. Location**. Franchisee is solely responsible for selecting the Location. If the Location is not stated on the Summary Page, then Franchisee shall find a suitable Location within the Territory.

**6.2. Development**. If the Location will not be operated from a home office, franchise may secure a commercial office space located in the Territory. Because Franchisor expects Franchisee to operate the Business as a home-based business, Franchisor will not assist Franchisee in: (a) locating a site and negotiating the purchase or lease of the site; (b) conforming the premises to local ordinances and building codes and obtaining any required permits; or (c) constructing, remodeling, or decorating the premises.

**6.3.** **New Franchisee Training**. Franchisee's Operating Principal must complete Franchisor's training program for new franchisees. If the Operating Principal fails to complete the initial training program to Franchisor's satisfaction within 90 days after the Effective Date, then Franchisor may terminate this Agreement.

**6.4.** **Conditions To Opening**. Franchisee shall notify Franchisor at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions and present satisfactory evidence to Franchisor that it has done so upon Franchisor's request:

(a) Franchisee has obtained all required governmental permits and authorizations;

(b) Franchisee has hired sufficient employees;

(c) Franchisee's officers and employees have completed Franchisor's required pre-opening training;

(d) Franchisee has obtained all required insurance required under §7.12;

(e) Franchisee has conducted the market introduction campaign required under §9.4;

(f) Franchisee has obtained a valid business mailing address (i.e., not a residential address) for the Business;

(g) Franchisee has opened a business checking account to be used solely for the Business;

(h) Franchisee has provided a copy of its duly filed articles or certification of formation or incorporation, as the case may be, to Franchisor;

(i) Franchisee has obtained all required technology and software licenses;

(j) Franchisee is otherwise in compliance with this Agreement and System Standards; and

(k) Franchisor has given its written approval to open, which will not be unreasonably withheld.

**6.5.** **Opening Date**. Franchisee shall open the Business to the public within 90 days after the Effective Date.

## 7. OPERATIONS

**7.1.** **Compliance With Manual and System Standards**. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual, as they are now or hereafter established. Franchisee acknowledges and agrees that the products and services offered under the Marks have a reputation for excellence and that Franchisee's strict compliance with all System Standards it critical to the goodwill associated with the Marks. The Manual may contain, among other things:

(a) a list of (i) goods and services (or specifications for goods and services) Franchisee must purchase to develop and operate the Business and (ii) designated and approved suppliers;

(b) a description of the authorized goods and services Franchisee may offer, sell and provide;

(c) specifications, techniques, methods, operating procedures and quality standards; and

(d) policies and procedures pertaining to: (i) reporting and data entry; (ii) accounting and bookkeeping; (iii) insurance; (iv) marketing and advertising; (v) AI Technology; (vi) data ownership, use, transfer and protection; and (vii) any other matters Franchisor deems appropriate.

The Manual is designed to establish and protect Franchisor's brand standards and the uniformity and quality of the goods and services offered by GRASONS® Businesses. Franchisor can modify the Manual at any time. Modifications are binding at the time Franchisor notifies Franchisee of the change, subject to any "grace period" Franchisor provides to implement the change. All mandatory provisions

in the Manual (whether included now or in the future) are binding on Franchisee.

**7.2.** **Compliance With Law**. Franchisee and the Business shall comply with all laws, rules, ordinances and regulations applicable to Franchisee or to the Business. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

**7.3.** **Products and Services**. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Franchisor in the Manual or otherwise in writing.

**7.4.** **Prices**. Franchisee retains the sole discretion to determine the prices it charges for products and services.

**7.5.** **Personnel**.

(a) Service. Franchisee shall cause its personnel to render competent and courteous service to all clients and members of the public.

(b) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(c) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Franchisor are not joint employers, and no employee of Franchisee will be an agent or employee of Franchisor.

**7.6.** **Post-Opening Training**. Franchisor may at any time require that the Operating Principal and/or any other employees complete training programs, in any format and in any location determined by Franchisor. Franchisor may charge a reasonable fee for any training programs (not to exceed $600 per trainee per day). If Franchisor provides onsite training or assistance in the Territory (a) in response to Franchisee's request or (b) in response to Franchisee's breach of this Agreement or the System Standards, Franchisee must also reimburse all Travel Expenses Franchisor incurs to provide such training or assistance. If a training program is held at a location which requires travel by the Operating Principal or any other employee, then Franchisee shall pay all Travel Expenses. If, after opening the Business, Franchisee sends a new Operating Principal or other employee to attend Franchisor's initial training program, Franchisor may charge an initial training fee of $1,500 per person.

**7.7.** **Client Complaints**. Franchisee shall use its best efforts to promptly resolve any client complaints. Franchisor may take any action it deems appropriate to resolve a client complaint regarding the Business, and Franchisor may require Franchisee to reimburse Franchisor for any expenses immediately upon demand.

**7.8.** **Client Evaluation and System Compliance Programs**. Franchisee shall participate at its own expense in programs required from time to time by Franchisor for obtaining client evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a client feedback system, client survey programs, and mystery shopping. Franchisor shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Franchisor for such programs.

**7.9.** **Payment Systems**. Franchisee shall accept payment from clients in any form or manner designated by Franchisor (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Franchisor. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.10.** **Vehicles**. If Franchisee purchases or leases one (1) or more vehicles for the Business, Franchisee shall ensure that all vehicles comply with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall keep all vehicles in good repair, clean, and

free of dents and other damage, and shall ensure that the vehicles present a first-class image appropriate to Franchisor's System.

**7.11. Meetings, Annual Conference**. The Operating Principal shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that Franchisor requires, including any local affiliate, national or regional brand conventions. If Franchisor holds an annual franchisee conference, the Operating Principal must attend. Franchisee must pay a reasonable per person registration fee (currently $495, not to exceed $2,000 per person per conference) which is non-refundable and due and payable regardless of whether Franchisee or the Operating Principal attend.

**7.12. Insurance**.

(a) Required Policies. Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Franchisor in the Manual, which may be increased by Franchisor at any time. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

(i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit;

(ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage for primary vehicle along with any trailers and box trucks used in the Business in an amount of not less than $1,000,000;

(iii) Commercial Umbrella insurance with minimum coverage of $1,000,000 per occurrence and $2,000,000 in the aggregate; and

(iv) Workers ' Compensation coverage as required by state law.

These policies reflect Franchisor's minimum requirements and may not be adequate to fully protect Franchisee's interests. Franchisee may wish to procure additional coverage, and shall be permitted to do so. Franchisor recommends, but does not currently require, that Franchisee obtain business interruption insurance and privacy and cyber security liability insurance.

(b) Policy Requirements. Franchisee's policies must list Franchisor and its affiliates as an additional insured and the policies must stipulate that Franchisor shall receive a 30-day prior written notice of cancellation. Franchisee shall provide Certificates of Insurance evidencing the required coverage to Franchisor prior to opening and upon annual renewal of the insurance coverage, as well as at any time within 15 days after request from Franchisor.

(c) Surety Bond. Franchisee must obtain a bond of at least $25,000 from a bonding agency acceptable to Franchisor.

(d) Failure to Maintain Insurance. If Franchisee fails to maintain any required insurance coverage, Franchisor has the right to obtain the coverage on Franchisee's behalf (which right shall be at Franchisor's option and in addition to Franchisor's other rights and remedies in this Agreement), and Franchisee must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to Franchisor, within 10 days after invoicing, all costs and premiums that Franchisor incurs.

**7.13. Public Relations**. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding GRASONS® Services, the Business, or any particular incident or occurrence related to the Business, without Franchisor's prior written approval.

**7.14. Association with Causes**. Franchisee shall not in the name of the Business: (a) donate money, products, or services to any charitable, political, religious, or other organization; or (b) act in support of any such organization, without Franchisor's prior written approval.

**7.15.** **No Other Businesses**. If Franchisee is an entity, Franchisee shall not own or operate any other business except GRASONS® Businesses.

**7.16.** **No Third-Party Management**. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Franchisor, which will not be unreasonably withheld.

**7.17.** **No Co-Branding**. Franchisee shall not "co-brand" or associate any other business activity with the Business in a manner which is likely to cause the public to perceive it to be related to the Business.

**7.18.** **No Subcontracting**. Franchisee shall not subcontract or delegate to a third party any services to be performed by Franchisee for a client (other than engaging individuals as independent contractors in the ordinary course of business).

**7.19.** **Identification**. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Franchisor.

**7.20.** **Minimum Performance Criteria**. Franchisee must meet or exceed the following minimum performance criteria (the "**Minimum Performance Criteria**") during each 12-month period during the term of this Agreement, with the first 12-month period commencing upon the opening date of the Business (each such 12-month period is referred to herein as a "**Performance Year**"):

(a) During the first (1st) Performance Year, Franchisee must have had at least 12 estate or business liquidation sales;

(b) During the second (2nd) Performance Year, Franchisee must have had at least 24 estate or business liquidation sales; and

(c) During the third (3rd) Performance Year and for each remaining Performance Year during the initial term, Franchisee must have had at least 36 estate or business liquidation sales.

**7.21.** **Minimum Sales Criteria**. Franchisee shall strive to achieve the following minimum monthly sales criteria (the "**Minimum Sales Criteria**") commencing the beginning of the 13th month after opening:

| Time Period | Minimum Monthly Gross Sales |
|---|---|
| Months 13 through 24 after opening | $11,500 per month |
| Months 25 through end of Term | $15,400 per month |

Franchisee's failure to achieve the minimum monthly Gross Sales figure for a given month does not constitute a default under this Agreement; provided, however, that if Franchisee fails to achieve the minimum monthly Gross Sales figure for five (5) or months during any consecutive 24-month period (commencing the 13th month after opening), then Franchisor shall have the right to terminate this Agreement without providing Franchisee any opportunity to cure.

**7.22.** **Privacy Practices**. With respect to Privacy Information, Franchisee must comply with applicable privacy laws, including any local, state, or federal data privacy or data security law or regulation. Franchisee shall not sell any Privacy Information. Franchisee further agrees to not access, use, or process the Privacy Information except in the furtherance of its obligations under this Agreement, and in all cases in compliance with applicable privacy laws and industry standards. To the extent Franchisor does not have the then-current ability to address requests made under any applicable privacy law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon Franchisor's request, provide reasonable assistance to Franchisor in responding to such requests.

**7.23.** **Communications**. Franchisee shall respond promptly to requests for communication from Franchisor and, in any event, within three (3) business days.

**7.24.** **Business Practices**. Franchisee, in all interactions with clients, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of

ethics or statement of values issued by Franchisor. Franchisee shall not take any action which injures or is likely to injure the goodwill associated with the Marks.

**7.25.** **Call Center.** Franchisor may operate, or designate a third-party provider to operate, a call center to answer calls, set client appointments, route new client leads to an appropriate GRASONS® Business and provide other related services. Franchisee must participate in the call center program and pay all reasonable setup and monthly fees designated by Franchisor or the third-party provider (not to exceed the greater of $150 per month or 3% of monthly Gross Sales, if paid to Franchisor or its affiliate). Participation in the program may include: (a) using and publishing a telephone number that Franchisor designates; (b) engaging a designated service provider (which may be Franchisor, its affiliate or a third party); (c) acquiring, installing and using related technology; and (d) executing any related user or service agreement designated by Franchisor or a third-party provider.

**7.26.** **Email Accounts & Phone Number.** At no additional charge beyond the standard Technology Fee, Franchisor may provide Franchisee with: (a) up to three (3) GRASONS® email addresses ("**GRASONS® Email Addresses**"); and (b) the primary phone number associated with Franchisee's Business (the "**Designated Phone Number**"). If Franchisor does not provide Franchisee with the Designated Phone Number, Franchisee must notify Franchisor of the Designated Phone Number Franchisee intends to use. Franchisee must exclusively use the: (a) Designated Phone Number as the primary phone number associated with the Business; and (b) GRASONS® Email Addresses for all email communications with Franchisor, clients, suppliers and other persons relating to the Business. Franchisee may not use them for any purpose unrelated to the Business. Franchisee's advertising may not list any email address or phone number other than the GRASONS® Email Addresses and Designated Phone number. Franchisor shall exclusively own all GRASONS® Email Addresses and the Designated Phone Number but allow Franchisee to use them during the term of this Agreement. If Franchisor provides the Designated Phone Number, Franchisor may either: (a) require Franchisee to pay monthly phone charges directly to the provider; or (b) pay the monthly phone charges on Franchisee's behalf and add such charges to Franchisee's Technology Fee.

## 8. SUPPLIERS AND VENDORS

**8.1.** **Generally**. Franchisee shall acquire all Products and Services required by Franchisor from time to time in accordance with System Standards. Franchisor may require Franchisee to purchase or lease any Products and Services from Franchisor, Franchisor's designee, Required Vendors, Approved Vendors, and/or under Franchisor's specifications. Franchisor may change any such requirement or change the status of any vendor. To make such requirement or change effective, Franchisor shall issue the appropriate System Standards.

**8.2.** **Alternate Vendor Approval**. If Franchisor requires Franchisee to purchase a particular Product or Service only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Product or Service from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Franchisor. Franchisor may condition its approval on such criteria as Franchisor deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Franchisor will provide Franchisee with written notification of the approval or disapproval of any propose new vendor within 30 days after receipt of Franchisee's request.

**8.3.** **Alternate Product or Service Approval**. If Franchisor requires Franchisee to purchase a particular Product or Service, and Franchisee desires to purchase an alternate to the Product or Service, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Franchisor. Franchisor will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Product or Service within 30 days after receipt of Franchisee's request.

**8.4.** **Purchasing**. Franchisor may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. In order to compensate Franchisor for administering the program, Franchisee may be required to pay Franchisor an administrative fee not to exceed 20% of the

total amount of purchases made by Franchisee through Franchisor's centralized purchasing system. Franchisor also may receive rebates or payments from vendors in connection with purchases by franchisees. Franchisor may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Franchisor may determine.

## 9. MARKETING

**9.1.** **Implementation**. Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by Franchisor. To obtain Franchisor's approval, Franchisee must submit any proposed advertising or marketing material at least 14 days prior to use. If Franchisor does not respond, the material is deemed rejected. Franchisee shall implement any marketing plans or campaigns determined by Franchisor. Any marketing materials or campaigns developed by or on behalf of Franchisee shall automatically become the property of Franchisor, without compensation to Franchisee.

**9.2.** **Brand Fund**. Franchisor has established Brand Fund to promote the System on a local, regional, national, and/or international level. Franchisee shall pay Franchisor the monthly Brand Fund Contribution in accordance with §4.3, which Franchisor shall deposit into the Brand Fund.

(a) Separate Account. Franchisor shall hold the Brand Fund Contributions from all franchisees in one (1) or more bank accounts separate from Franchisor's other accounts. The Brand Fund is not a trust and Franchisor has no fiduciary obligations to Franchisee with respect to its administration of the Brand Fund.

(b) Use. Franchisor shall use the Brand Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level for GRASONS® Services, and related overhead). The foregoing includes such activities and expenses as Franchisor reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; Internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Brand Fund (including the compensation of Franchisor's employees working on marketing and for accounting, bookkeeping, reporting, legal, collections, and other expenses related to the Brand Fund).

(c) Discretion. The Brand Fund will be spent at Franchisor's sole discretion and Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. The Brand Fund will not be used for the direct solicitation of franchise sales, but Franchisor reserves the right to include a notation in any advertisement indicating "Franchises Available." Franchisor has the right to reimburse itself from the Brand Fund for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Fund. Franchisor has sole discretion in deciding whether GRASONS® Businesses owned by Franchisor or Franchisor's affiliates will contribute to the Brand Fund. Franchisee acknowledges that the use of the Brand Fund or other advertising funds or accounts and the expenditures made thereby, may benefit Franchisor and its businesses, even though the businesses operated by Franchisor, or its affiliates may or may not contribute to the Brand Fund or other advertising funds or accounts. Franchisor assumes no obligation or liability to Franchisee with respect to the maintenance, direction or administration of the Brand Fund or any other advertising funds or accounts maintained in connection with this Agreement, except as expressly set forth in this Section. Franchisor also has the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein. Franchisor may suspend or terminate the Brand Fund at any time, and any surplus funds may only be used for marketing and advertising purposes until fully expended.

(d) Surplus or Deficit. Franchisor may accumulate funds in the Brand Fund and carry the balance over to subsequent years or spend more than the total contributions to the Brand Fund in any given year. If the Brand Fund operates at a deficit or requires additional funds at any time, Franchisor, any affiliate or other lender may loan such funds to the Brand Fund on reasonable terms.

(e) Financial Statement. Franchisor will prepare an unaudited annual financial statement of the Brand Fund within 120 days of the close of Franchisor's fiscal year and will provide the financial statement to Franchisee upon request.

**9.3. Regional Advertising and Promotional Cooperative**. Franchisor may, in Franchisor's discretion, designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("**Cooperative**"), and to determine whether a Cooperative is applicable to the Business. Franchisor reserves the right to administer the Cooperative. If a Cooperative is established applicable to the Business, Franchisee must participate in the Cooperative. Cooperative contributions will be credited towards the Local Marketing Commitment discussed in §9.5 below. The following provisions will apply to each Cooperative:

(a) Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

(b) Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local marketing;

(c) No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in §9.1 hereof;

(d) Each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative; however, the Cooperative may, by a two-thirds (2/3rd) majority vote of its members, require a Cooperative contribution in excess of the Local Marketing Commitment;

(e) Each member franchisee must submit to the Cooperative its respective contribution together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval;

(f) Franchisor may grant to Franchisee, in its sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request from Franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final;

(g) Franchisor will have the power to require any Cooperative to be formed, changed, dissolved, or merged at any time; and

(h) Franchisor has sole discretion in deciding whether GRASONS® Businesses owned by Franchisor or Franchisor's affiliates will participate in a Cooperative. If they do, they will have the same voting power as franchisee members.

**9.4. Market Introduction Plan**. Franchisee must develop a market introduction plan and obtain Franchisor's approval of the marketing plan at least 30 days before the projected opening date of the Business.

**9.5. Local Marketing**. Commencing upon completion of initial training, Franchisee must spend a monthly amount equal to or greater than the Local Marketing Commitment on local advertising and marketing within the Territory, including Internet advertising. The "**Local Marketing Commitment**" is: (a) $1,000 per month during the initial 12-month period after completion of initial training; and (b) $750 per month for the remainder of the term of this Agreement; *provided*, *however*, that Franchisor reserves

the right to increase this amount up to $1,000 per month for the remainder of the term of this Agreement upon notice to Franchisee. Upon Franchisor's request, Franchisee must provide Franchisor with invoices or other proof of Franchisee's monthly expenditures on local advertising and marketing. Franchisee may not advertise or promote the Business outside of the Territory unless either: (a) the geographic area wherein Franchisee wishes to advertise is contiguous to the Territory and that area has not been granted to any other franchisee; or (b) Franchisor otherwise provides its prior written consent.

**9.6. Digital Marketing**.

(a) Control Over Digital Marketing. Franchisor has the exclusive right to conduct and manage all marketing and commerce on the Internet or other electronic medium, including all websites and "social media" marketing (collectively, "**Digital Marketing**"). Franchisee shall not conduct such Digital Marketing, nor establish any website or social media presence independently, except as Franchisor may specify, and only with Franchisor's consent. Franchisee must immediately modify or delete any Digital Marketing that Franchisor determines, in its sole discretion, is not compliant with its policies, standards, guidelines, or requirements. Franchisor may withdraw approval for any Digital Marketing at any time.

(b) Digital Marketing Accounts Established by Franchisee. Franchisee must establish all Digital Marketing accounts that Franchisor specifies in the Manuals. Any and all Digital Marketing accounts that Franchisee establishes in relation to the Business shall be Franchisor's exclusive property. Franchisee must do all things necessary to provide Franchisor with access to such Digital Marketing accounts (as specified in the Manuals or otherwise) and permit Franchisor to post and delete information on Franchisee's Digital Marketing accounts.

(c) Digital Marketing Fee. Franchisee shall pay a $7,500 digital marketing fee to Franchisor's designated digital marketing company upon execution of this Agreement. The digital marketing company uses these funds to set up Franchisee's digital marketing account and implement a digital marketing campaign to promote Franchisee's Business and generate leads over a five (5) to six (6) month period commencing after completion of initial training. After this period expires, Franchisee may continue working with this company or discontinue service (unless Franchisor requires Franchisee to continue to contract with this company after the expiration of this initial period). The digital marketing fee is in addition to, and not credited towards, the Local Marketing Commitment.

## 10. RECORDS AND REPORTS

**10.1. Systems**. Franchisee shall use such client data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Franchisor may specify in the Manual or otherwise in writing. Franchisor may require that Franchisee utilize such accounting and/or data management firm, platform, program, service or software that Franchisor designates or approves. Without limiting the generality of the foregoing, Franchisee shall: (a) license and utilize QuickBooks Online (or such other program Franchisor designates or approves in the future); and (b) provide Franchisor within independent access to the account with permission to read all reports.

**10.2. Reports and Notifications**.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Franchisor may require in the Manual or otherwise in writing, including:

(i) a quarterly profit and loss statement and balance sheet for the Business within 30 days after the end of each fiscal quarter of Franchisor's fiscal year;

(ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of each calendar year; and

(iii) any information Franchisor requests in order to prepare a financial performance representation for Franchisor's franchise disclosure document, within 30 days after request.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Franchisor of any Action or threatened Action by any client, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business, but in no event later than 48 hours after Franchisee has become aware of the Action. Franchisee shall provide such documents and information related to any such Action as Franchisor may request.

(c) Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Franchisor a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Franchisor's Franchise Disclosure Document and with such other reasonable information as Franchisor may request.

(d) Government Inspections. Franchisee shall give Franchisor copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three (3) days of Franchisee's receipt thereof.

(e) Other Information. Franchisee shall submit to Franchisor such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Franchisor may reasonably request. Franchisor acknowledges that all personnel records of the Business belong to Franchisee and that this Agreement does not grant Franchisor the right to access personnel records of Franchisee's employees.

**10.3. Business Records**. Franchisee shall keep accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three (3) years ("**Business Records**"). Franchisee shall keep such other business records as Franchisor may specify in the Manual or otherwise in writing.

**10.4. Records Audit**. Franchisor may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Franchisor may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Franchisor. Franchisee shall also reimburse Franchisor for all costs and expenses of the examination or audit if: (a) Franchisor conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System; or (b) the audit reveals that Franchisee understated Gross Sales by at least 2% over the period of the audit.

**10.5. Data Entry and Franchisor Access**. Franchisee must comply with all of Franchisor's data entry policies and procedures set forth in this Agreement and/or the Manual. Without limiting the generality of the foregoing, Franchisee must enter each item sold on behalf of a client in its point-of-sale system and otherwise strictly adhere to Franchisor's instructions and policies regarding use of the point-of-sale system. Franchisor may require that Franchisee record transactions, sales data and other data on a daily basis so that the information entered into the designated point-of-sale system (or other system designated by Franchisor) is current as of the close of business. Franchisee shall give Franchisor unlimited access to Franchisee's point-of-sale system and other computer and software systems related to the operation of the Business, by any means designated by Franchisor. Franchisor shall have the right to independently access Franchisee's computer system, point-of-sale system and other technology systems to retrieve and compile business and operational data and generate any reports Franchisor deems appropriate, including Gross Sales reports. If Franchisor provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems and authorizes Franchisor to access such communications.

**10.6. AI Technology**. Except as otherwise provided below or in the Manual, Franchisee may not use AI Technology without Franchisor's approval. Franchisee does not need Franchisor's approval to use commercially available off-the-shelf productivity software with embedded AI Technology features (e.g., Microsoft Office with Copilot or Google Workspace with Gemini) for internal business purposes

provided that: (i) Franchisee only uses commercially available standard features and configurations (e.g., no beta, preview, experimental or custom features, third-party plugins, extensions or integrations); (ii) Franchisee does not input, upload, submit, expose or otherwise make available to AI Technology any Confidential Information; (iii) Franchisee does not authorize, permit or enable training, fine-tuning, grounding or improvement of any AI models, algorithms, products or services based on Confidential Information (if available, Franchisee must affirmatively opt out of any such training or improvement features and send Franchisor confirmation of same upon request); (iv) Franchisee does not use AI Technology (1) for consumer-facing, client-facing or other external communications, content or materials, (2) for marketing analytics, targeting, lead qualifying, profiling or other activities involving clients or third parties, (3) in violation of any law, (4) in a manner that may cause physical or psychological harm or materially impact the health, safety or fundamental rights of any natural person or (5) in any other manner prohibited by the Manual; and (v) Franchisee maintains commercially reasonable security measures to prevent unauthorized access to or disclosure of any data processed through such AI Technology and immediately notifies Franchisor of any suspected or actual data breach, security incident or unauthorized use involving AI Technology. Franchisor's inspection rights shall include the right to audit Franchisee's use of AI Technology and related data handling practices.

## 11. FRANCHISOR RIGHTS

**11.1.** **Manual; Modification**. The Manual, and any part of the Manual, may be in any form or media determined by Franchisor. Franchisor may supplement, revise, or modify the Manual, and Franchisor may change, add or delete System Standards at any time in its discretion. Franchisor may inform Franchisee thereof by any method that Franchisor deems appropriate (which need not qualify as "notice" under §18.9). In the event of any dispute as to the contents of the Manual, Franchisor's master copy will control.

**11.2.** **Franchisor's Right To Cure**. If Franchisee breaches or defaults under any provision of this Agreement, Franchisor may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Franchisor for its costs and expenses (including the allocation of any internal costs) for such action, plus 20% as an administrative fee, as further described in §4.6.

**11.3.** **Right to Discontinue Supplies Upon Default**. While Franchisee is in default or breach of this Agreement, Franchisor may: (a) require that Franchisee pay cash on delivery for products or services supplied by Franchisor; (b) stop selling or providing any products and services to Franchisee; and/or (c) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Franchisor shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Franchisor are in addition to any other right or remedy available to Franchisor.

**11.4.** **Innovations**. Franchisee shall disclose to Franchisor all software, marketing and promotional materials, ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "**Innovations**") conceived or developed by Franchisee, its employees, agents or contractors. Franchisor will automatically own all Innovations and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

**11.5.** **Delegation**. Franchisor may delegate any duty or obligation of Franchisor under this Agreement to an affiliate or a third party.

**11.6.** **System Variations**. Franchisor may vary or waive any System Standard for any one (1) or more franchisees due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.7.** **Business Data**. All client data collected by or generated by the Business and all data collected or generated by the primary software operating system of the Business is Confidential Information (other than data related to employees of the Business) and is exclusively owned by Franchisor. Franchisor hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

**11.8.** **Franchisor's Discretion**. Franchisor may engage in any activity not expressly prohibited by this Agreement. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute, and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement. Whenever Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will have satisfied its obligations whenever it exercises reasonable business judgment in making a decision or exercising its rights. Franchisor's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System or the GRASONS® brand generally even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit the System or the GRASONS® brand include enhancing the value of the Marks, improving client service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System and GRASONS® Businesses.

## 12. MARKS

**12.1.** **Authorized Marks**. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Franchisor, and only in the manner as Franchisor may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Franchisor.

**12.2.** **Change of Marks**. Franchisor may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Franchisor makes any such change, Franchisee must comply with the change, at Franchisee's expense.

**12.3.** **Infringement**.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then: (i) Franchisor shall defend Franchisee (at Franchisor's expense) against any Action by a third-party alleging infringement by Franchisee's use of a Mark; and (ii) Franchisor will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement By Third Party. Franchisee shall promptly notify Franchisor if Franchisee becomes aware of any possible infringement of a Mark by a third party. Franchisor may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Franchisor shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interest in any such litigation, any United States Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and maintain Franchisor's interest in the Marks and Confidential Information.

## 13. BRAND PROTECTION COVENANTS

**13.1.** **Confidential Information**. With respect to all Confidential Information, Franchisee shall: (a) adhere to all procedures prescribed by Franchisor for maintaining confidentiality; (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Franchisor; (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement; (e) not copy or otherwise reproduce any Confidential Information; and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Franchisor and Franchisee acknowledges that all client data collected or generated by the Business and all data collected or generate by the primary software system (other than data regarding employees) is Confidential Information belonging to Franchisor. This Section will survive the termination or expiration of this Agreement indefinitely. Franchisee may not enter Confidential Information into public/ open AI models or any other AI model that uses such information to train the AI without Franchisor's prior written approval.

**13.2.** **Covenants Not to Compete**.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the **"Restricted Parties"**) shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two (2) years after this Agreement expires or is terminated for any reason (or, if applicable, for two (2) years after a Transfer), no Restricted Party shall directly or indirectly:

(i) own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitor within (1) the Territory or (2) any territory assigned to another GRASONS® Business as of the date this Agreement expires or terminates; *provided, however*, that this §13.2(b) does not apply to a Restricted Party's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar to a Competitor; or

(ii) solicit any current, former, or prospective customer of the Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Franchisor. Franchisee agrees that the existence of any claim it may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3.** **General Manager and Key Employees**. If requested by Franchisor, Franchisee will cause its general manager, independent contractors, officers and other key employees to sign Franchisor's then current Brand Protection Agreement in the form attached hereto as ATTACHMENT 2.

**13.4.** **Non-Disparagement**. Franchisee and the Owners shall not at any time slander or make disparaging, libelous or negative comments about: Franchisor; Franchisor's employees, directors, or officers; the System; and/or any GRASONS® Business. This provision does not prohibit disclosure of truthful information to Governmental Authorities in response to regulatory inquiries or investigations.

## 14. DEFAULT AND TERMINATION

### 14.1. Termination by Franchisor.

(a) Subject to 10-Day Cure Period. Franchisor may terminate this Agreement if Franchisee does not make any payment to Franchisor when due under this Franchise Agreement or otherwise, or if Franchisee does not have sufficient funds in its account when Franchisor attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Franchisor gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c) and fails to cure such breach to Franchisor's satisfaction within 30 days after Franchisor gives notice to Franchisee of such breach, then Franchisor may terminate this Agreement.

(c) Without Cure Period. Franchisor may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;

(ii) Franchisee intentionally submits any false report or intentionally provides any other false information to Franchisor;

(iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee or any Owner, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

(iv) if Franchisee or the Operating Principal fails to satisfactorily complete the initial training program in the manner required by §6.3 or Franchisee fails to open for business by the date specified in §6.5;

(v) Franchisee or any Owner commits a material violation of §7.2 (compliance with laws) or §13.1(confidentiality), violates §13.2 (non-compete) or §15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

(vi) Franchisee abandons or ceases operation of the Business for more than five (5) consecutive days;

(vii) Franchisee fails to meet the Minimum Performance Criteria in any Performance Year;

(viii) Franchisee fails to achieve the minimum monthly Gross Sales figure required by §7.21 for five (5) or more months during any consecutive 24-month period;

(ix) Franchisee or any Owner slanders or libels Franchisor or any of its employees, directors, or officers;

(x) Franchisee refuses to cooperate with or permit any audit or inspection by Franchisor or its agents or contractors, or otherwise fails to comply with §10.4;

(xi) Franchisee has received three (3) or more notices of default in any 12-month period;

(xii) Franchisor (or any affiliate) terminates or accelerates indebtedness under any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate); or

(xiii) Franchisee or any Owner is charged with, pleads guilty to, or is convicted of a felony or engages in conduct that is reasonably likely to materially and unfavorably affect Franchisor's brand.

**14.2. Effect of Termination**. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

(i) pay all amounts owed to Franchisor based on the operation of the Business through the effective date of termination or expiration;

(ii) if applicable, pay Franchisor liquidated damages in accordance with §14.5;

(iii) return to Franchisor all copies of the Manual, Confidential Information and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items (to the extent in the possession or control of Franchisee) and delete all Confidential Information and proprietary materials from electronic devices;

(iv) notify the telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Franchisor or any new franchisee as may be directed by Franchisor, and Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing;

(v) immediately and permanently cease to operate the Business or use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System and the Marks or other intellectual property licensed pursuant to this Agreement;

(vi) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to Franchisee's use of any of the Marks; and

(vii) provide Franchisor with a copy of all of Franchisee's Business Records and a list of all of Franchisee's current, former and prospective clients.

**14.3. Remove Identification**. If Franchisee operates from a Location other than Franchisee's home, then within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a GRASONS® Business, to the reasonable satisfaction of Franchisor. Franchisee shall comply with any reasonable instructions and procedures of Franchisor for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Franchisor may enter the Location to remove the Marks and de-identify the Location. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Franchisor.

**14.4. Other Claims**. Termination of this Agreement by Franchisor will not affect or discharge any claims, rights, causes of action or remedies which Franchisor may have against Franchisee, whether arising before or after termination.

**14.5. Liquidated Damages**. Franchisee must pay Franchisor liquidated damages if either: (a) Franchisor terminates this Agreement due to Franchisee's default; or (b) Franchisee terminates this Agreement in any manner other than as permitted by this Agreement or applicable Law. Liquidated damages are calculated as the product of Average Monthly Fees multiplied by the lesser of (a) 24 or (b) the total

number of full months remaining under the term of this Agreement as of the termination effective date. "**Average Monthly Fees**" means the combined average monthly Royalty Fee and Brand Fund Fee (without regard to any fee waivers or other reductions, and regardless of collection) imposed by this Agreement during the 12-month period preceding the termination date (or during the period of time Franchisee operated the Business if less than 12 months). Liquidated damages are due 30 days after Franchisor sends Franchisee an invoice detailing Franchisor's calculation of same. Liquidated damages are in addition to and not in lieu of: (a) any fees or other amounts incurred by Franchisee prior to the termination of this Agreement, all of which must be paid by Franchisee in accordance with the terms of this Agreement; or (b) any damages Franchisor or its affiliate incur as a result of Franchisee's breach of this Agreement; *provided, however*, that Franchisor may not pursue a claim against Franchisee for recovery of lost future profits if Franchisee pays Franchisor all liquidated damages owed when due. The parties agree the amount of liquidated damages set forth in this Section is in proportion to, and is necessary to protect, Franchisor's legitimate interests, including: (a) encouraging franchisees to commit to the 10-year franchise relationship in which both parties have already invested time and expense to develop; (b) the time and expense Franchisor will incur to ensure Franchisee's timely and orderly departure from the franchise network and recruit a new franchisee to acquire franchise rights to the Territory; (c) protecting the reputation and goodwill associated with the Marks; and (d) partially compensating Franchisor for financial damages Franchisor expects to incur as a result of Franchisee's breach or wrongful termination. If this liquidated damages clause is unenforceable under applicable Law, then Franchisor is only entitled to recover actual damages Franchisor incurs as a result of Franchisee's default or improper termination.

## 15. TRANSFERS

**15.1.** **By Franchisor**. Franchisor may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Franchisor may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2.** **By Franchisee**. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer (other than a Permitted Transfer) without providing Franchisor with at least 60 days prior notice of the proposed Transfer, and without obtaining Franchisor's consent. In granting any such consent, Franchisor may impose conditions, including, without limitation, the following:

(i) Franchisor receives a transfer fee equal to $15,000 (reduced to $5,000 if the assignee is an existing GRASONS® franchisee);

(ii) the proposed assignee and its owners have completed Franchisor's franchise application processes, meet Franchisor's then-applicable standards for new franchisees, and have been approved by Franchisor as franchisees;

(iii) the proposed assignee is not a Competitor;

(iv) the proposed assignee executes Franchisor's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the form will be amended to provide that the proposed assignee will not be required to pay an initial franchise fee);

(v) all owners of the proposed assignee provide a guaranty in accordance with §2.5;

(vi) Franchisee has paid all monetary obligations to Franchisor in full, and Franchisee is not otherwise in default or breach of this Agreement;

(vi) the proposed assignee and its owners and employees undergo such training as Franchisor may require;

(viii) Franchisee and its Owners execute a general release of Franchisor in a form satisfactory to Franchisor; and

(ix) the Business fully complies with all of Franchisor's most recent System Standards.

**15.3.** **Permitted Transfers**. Franchisee and the Owners may engage in a Permitted Transfer without Franchisor's prior approval, but Franchisee must give Franchisor at least 15 days' prior written notice. If the Permitted Transfer results in a new entity becoming the franchisee, then Franchisee shall: (a) provide Franchisor with copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Franchisor; and (b) cause any individual or entity that was the franchisee (or an owner of the franchisee) immediately prior to the Permitted Transfer to sign a guarantee in accordance with §2.5 to secure performance of the new franchisee entity's financial obligations under this Agreement and all related agreements. Franchisee and the Owners (and the transferee) must sign all documents Franchisor reasonably requests to effectuate and document the Permitted Transfer.

**15.4.** **Transfer upon Death or Incapacity**. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Franchisor within nine (9) months after death or incapacity. Such transfer must comply with §15.2.

**15.5.** **No Sublicense**. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.6.** **No Lien on Agreement**. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

**15.7.** **Franchisor's Right of First Refusal.** If Franchisee or an any Owner desire to engage in a Transfer, including a Transfer pursuant to §15.4, Franchisee or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to Franchisor. Franchisor will have 30 days after receipt of the offer to decide whether Franchisor will purchase the interest in the Business or the ownership interest in Franchisee for the same price and upon the same terms contained in the offer (however, Franchisor may substitute cash for any form of payment proposed in the offer). If Franchisor notifies Franchisee that it intends to purchase the interest within the 30-day period, Franchisee or the Owner, as applicable, must sell the interest to Franchisor. Franchisor will have at least an additional 30 days to prepare for closing. Franchisor will be entitled to receive from Franchisee or the Owner, as applicable, all customary representations and warranties given by Franchisee as the seller of the assets or the Owner as the seller of the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of §15.2 (including Franchisor's approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Section. Franchisor's right of first refusal in this Section shall not apply to any Permitted Transfer under §15.3.

## 16. INDEMNITY

**16.1.** **Indemnity**. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Franchisor) Franchisor, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "**Indemnitees**") against all Losses in any Action by or against Franchisor and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business or Franchisee's breach of this Agreement. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions which Franchisee proves arose solely as a result of any Indemnitee's intentional misconduct or gross negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not

relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

**16.2.** **Assumption by Franchisor**. Franchisor may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

## 17. DISPUTE RESOLUTION

**17.1.** **Internal Dispute Resolution**. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President and provide Franchisor with 30 days' notice and opportunity to cure. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

**17.2.** **Mediation**. Once the internal dispute provisions of §17.1 have been exhausted, at Franchisor's option, any claim, dispute or disagreement, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a "**Dispute**") to mediation under the auspices of the American Arbitration Association ("**AAA**"), in accordance with AAA's Commercial Mediation Rules then in effect. The mediation will take place in the county in which Franchisor maintains its principal place of business at the time the Dispute arises (currently, Maricopa County, Arizona) and the parties irrevocably waive any objection to such venue. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee whether Franchisor or its affiliates elect to exercise its option to submit claims or disputes to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (a) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (b) as a result of Franchisor's written declaration. Franchisor's right to mediate, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor will share mediation costs equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this §17.2 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (1) any federally protected intellectual property rights in the Marks, the System or in any Confidential Information; (2) any of the restrictive covenants contained in this Agreement; or (3) any claims to collect past due amounts owed to Franchisor or its affiliates.

**17.3.** **Venue**.

(a) Litigation. If the Dispute is not resolved by mediation or Franchisor elects not to mediate the Dispute, the parties agree that any such legal proceeding will be brought in the United States District Court where Franchisor's headquarters is then located (currently, Maricopa County, Arizona). If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Franchisor's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

(b) Limitations on Claims. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the

expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period will 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 Franchisor, including, without limitation, rescission of this Agreement, in any mediation, arbitration, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between Franchisee, Operating Principal, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other party or entity.

(c) Confidentiality. All documents, information, and results pertaining to any lawsuit will be confidential, except as required by law or as required for Franchisor to comply with laws and regulations applicable to the sale of franchises.

(d) Performance During Litigation. Unless this Agreement has been terminated, Franchisor and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the litigation process.

(e) Damages. Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary or other monetary damages not based on actual damages incurred against the other and agree that in the event of a dispute, Franchisee shall be limited to the recovery of any actual damages sustained by it.

**17.4. Waiver of Jury Trial; Waiver of Class Actions**. **FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING**.

**17.5. Injunctive Relief**. Nothing contained in this Agreement will prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests, without bond, against conduct or threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to Franchisor under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that Franchisee or Operating Principal may have against Franchisor, regardless of cause or origin, cannot be used as a defense against Franchisor's enforcement of this Agreement. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

**17.6. Legal Costs**. If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs, and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs

and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

## 18. MISCELLANEOUS

**18.1.** **Relationship of the Parties**. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Franchisor is not a fiduciary of Franchisee and does not control Franchisee or its Business. Franchisor has no liability for Franchisee's obligations to any third party whatsoever.

**18.2.** **No Third-Party Beneficiaries**. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Franchisor, and Franchisor's affiliates; *provided, however*, that the additional insureds listed in §7.12(b) and the Indemnitees are intended third-party beneficiaries under this Agreement with respect to §7.12(b) and §16, respectively.

**18.3.** **Entire Agreement**. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in its franchise disclosure document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

**18.4.** **Modification**. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Franchisor's rights to modify the Manual or System Standards.

**18.5.** **Consent; Waiver**. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6.** **Cumulative Remedies**. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7.** **Severability**. The parties intend that: (a) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded; and (b) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8.** **Governing Law**. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other applicable federal statute, the laws of the state of Arizona (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Business is located, then the valid law or regulation of that state applicable to the Business shall supersede any provision of this Agreement that is less favorable to Franchisee.

**18.9.** **Notices**. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Franchisor, addressed to 8100 E. Indian School Road, Suite 201, Scottsdale, Arizona 85251. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and

must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Franchisor may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10.** **Joint and Several Liability**. If two (2) or more people sign this Agreement as "Franchisee", each will have joint and several liability.

**18.11.** **No Offer and Acceptance**. Delivery of a draft of this Agreement to Franchisee by Franchisor does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Franchisor.

**18.12.** **Additional Terms; Inconsistent Terms**. The parties may provide additional terms by including the terms on the Summary Page. To the extent that any provisions of the Summary Page are in direct conflict with the provisions of this Agreement, the provisions of the Summary Page shall control.

**18.13.** **Force Majeure**. Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: (a) acts of God; (b) acts of war, terrorism, or insurrection; (c) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, widespread infectious diseases, pandemics or epidemics, and/or other casualties; (d) the inability of Franchisor and/or its affiliates or suppliers to manufacture, purchase, and/or cause delivery of any products used in the operation of the Franchise; and (e) legislative changes and/or governmental orders affecting the sale of the products from Franchises. The ability or inability of either party to obtain and/or remit funds shall be considered within control of such party.

**18.14.** **Approvals**. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

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

**18.16.** **No Personal Liability**. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

Agreed to by:

FRANCHISOR:

B & P BURKE, LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

[*if an individual:*]

_____
Name: _____
Date: _____

[*if an entity:*]

_____

By: _____
Name: _____
Title: _____
Date: _____

## ATTACHMENT 1 TO FRANCHISE AGREEMENT

### GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this **"Guaranty"**) is executed by the undersigned person(s) (each, a **"Guarantor"**) in favor of B & P Burke, LLC, a California limited liability company (**"B & P Burke"** or **"Franchisor"**).

**Background Statement:** _____ (**"Franchisee"**) desires to enter into a Franchise Agreement with B & P Burke for the franchise of a GRASONS® business (the **"Franchise Agreement"**; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce B & P Burke to enter into the Franchise Agreement. Any capitalized terms not defined herein have the meanings given to them in the Franchise Agreement.

Guarantor agrees as follows:

1. **Guaranty.** Guarantor hereby unconditionally guarantees to B & P Burke and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and Guarantor agrees to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and guarantees every other liability and obligation of Franchisee to B & P Burke, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and B & P Burke upon demand from B & P Burke. Guarantor waives: (a) acceptance and notice of acceptance by B & P Burke of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that B & P Burke make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. **Confidential Information.** With respect to all Confidential Information Guarantor shall: (a) adhere to all security procedures prescribed by B & P Burke for maintaining confidentiality; (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by B & P Burke; (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement; (e) not copy or otherwise reproduce any Confidential Information; and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by B & P Burke or its affiliates (except for Confidential Information which B & P Burke licenses from another person or entity). Guarantor acknowledges that all client data collected or generated by the Business and all data collected or generated by the primary software system (other than data regarding employees) is Confidential Information belonging to B & P Burke. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

**3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor, except for any businesses operated by Franchisee pursuant to a license from Franchisor or one of its affiliates.

(b) Restriction – Post Term. For two (2) years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two (2) years after a Transfer) Guarantor shall not directly or indirectly:

(i) own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitor within (1) the Territory or (2) any territory assigned to another GRASONS® Business as of the date the Franchise Agreement terminates or expires or the date of the Transfer, as applicable; *provided, however*, that this §3(b) does not apply to: (1) Guarantor's ownership of a GRASONS® Business under a Franchise Agreement with Franchisor; or (2) Guarantor's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar to a Competitor; or

(ii) solicit any current, former, or prospective customer of the Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of B & P Burke. If such covenants are held to be unenforceable or unreasonable, the other provisions of this Guaranty shall remain in effect. Guarantor agrees that the existence of any claim it or Franchisee may have against B & P Burke shall not constitute a defense to the enforcement by B & P Burke of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**4. Modification.** Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which B & P Burke may from time-to-time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**5. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Arizona. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

_____

Name: _____

Address: _____

_____

_____

Date: _____

_____

Name: _____

Address: _____

_____

_____

Date: _____

## ATTACHMENT 2 TO FRANCHISE AGREEMENT

### BRAND PROTECTION AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of B & P Burke, LLC, a California limited liability company, and its successors and assigns ("us").

**1. DEFINITIONS.** Capitalized terms not defined above have the meanings given to them below:

"**Business Liquidation Services**" means the sale and disposal of business assets of commercial enterprises due to business closures or moves, branch closures or moves, or another change in circumstances.

"**Business Records**" means any and all evidence of each business transaction, and all financial, marketing, and other operating aspects of the Franchised Business, and all evidence and records with respect to customers, clients, employees, and other service professionals relating the Franchised Business including, without limitation, all databases in print, electronic or other form, including all names, addresses, phone numbers, email addresses, customer/client records, and all other records contained in the database, and all other records created and maintained by Franchisee relating to the operation of the Franchised Business.

"**Competitive Business**" means any business competitive with a GRASONS® Business which offers Estate Sale Services and/or Business Liquidation Services (except for any businesses operated by Franchisee pursuant to a license from us or one of our affiliates).

"**Copyrights**" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow GRASONS® Businesses to use, sell or display in connection with the marketing and/or operation of a GRASONS® Business.

"**Estate Sale Services**" means the sale of personal property for an individual, trustee or personal representative due to a long-distance move, divorce, death, bankruptcy, or other change in circumstances.

"**Franchise Agreement**" means the Grasons Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

"**Franchised Business**" means the GRASONS® Business operated by Franchisee pursuant to the Franchise Agreement.

"**Franchisee**" means the GRASONS® franchisee for whom you are an officer, director, employee or independent contractor.

"**GRASONS® Business**" means any business offering estates sale and business liquidation services that Franchisor authorizes to operate under the Marks and using the System, including GRASONS® Businesses operated by us, our affiliate or a franchisee (including Franchisee).

"**Improvements**" means any additions, modifications or improvements (including creative ideas) to the (a) goods or services offered by a GRASONS® Business,(b) method of operation of a GRASONS® Business or (c) marketing or promotional ideas relating to a GRASONS® Business, whether developed by you, Franchisee or any other person.

"**Intellectual Property**" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"**Know-how**" means all of our trade secrets and other proprietary information relating to the development, marketing and/or operation of a GRASONS® Business, including, but not limited to, methods, techniques, assessments, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"**Manual**" means our confidential brand standards manual for the operation of a GRASONS® Business.

"**Marks**" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize GRASONS® Businesses to use, including GRASONS®, GRASONS CO.™, GRASONS ESTATE SALE SERVICES™, GRASONS CO. ESTATE SALES & BUSINESS LIQUIDATION SERVICES™ and the associated logos. The Marks also include any distinctive trade dress used to identify a GRASONS® Businesses or the products it sells

"**Prohibited Activities**" means any or all of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); or (b) soliciting any current, former, or prospective customer of the Franchised Business or any other customer of whom Franchisee has become aware as a result of access to the System or other franchisees for any competitive purpose.

"**Restricted Period**" means the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.

"**Restricted Territory**" means the geographic area within the Territory granted to Franchisee under the Franchise Agreement, as further described on ATTACHMENT A to this Agreement.

"**System**" means our distinct system for the operation of a GRASONS® Business, the distinctive characteristics of which include logo, trade secrets, client assessment tools and techniques, marketing strategies, lead generation programs, referral programs, and operating system.

2. **BACKGROUND.** You are an officer, director, manager, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. **INTELLECTUAL PROPERTY**. You agree: (a) you will not use the Know-how in any business or capacity other than the Franchised Business operated by Franchisee; (b) you will maintain the confidentiality of the Know-how at all times; (c) you will not make unauthorized copies of documents containing any Know-how; (d) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (e) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

4. **UNFAIR COMPETITION DURING RELATIONSHIP**. You agree not to unfairly compete with us at any time while you are an officer, director, employee or independent contractor of Franchisee by engaging in any Prohibited Activities.

5. **UNFAIR COMPETITION AFTER RELATIONSHIP**. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity.

6. **OWNERSHIP OF PHONE NUMBER.** You must obtain a separate telephone number solely for use with the Franchised Business. You acknowledge and agree that we will own this phone number and the associated account but allow you to use it during the terms of the Franchise Agreement at your expense. You must immediately transfer the number to us upon the termination, expiration or transfer of the Franchise Agreement and you agree to sign any documents we require to enable us to independent assign the telephone number to us in compliance with this Section.

7. **IMMEDIATE FAMILY MEMBERS**. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this

Agreement if any member of your immediate family (a) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (b) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

8. **COVENANTS REASONABLE**. You acknowledge and agree that: (a) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (b) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. Although you and we both believe the covenants in this Agreement are reasonable, we may at any time unilaterally modify the non-covenants in §4 and §5 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants are enforceable under applicable law.

9. **BREACH**. You agree that: (a) any failure to comply with this Agreement likely to cause substantial and irreparable damage to us and/or other GRASONS® Businesses for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

10. **MISCELLANEOUS**.

(a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.

(b) This Agreement will be governed by, construed and enforced under the laws of the state of Arizona (without giving effect to its principles of conflicts of law) and the courts in that state shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

This Brand Protection Agreement is executed as of the date or dates set forth below.

By: _____

Name: _____

Date: _____

# ATTACHMENT 3 TO FRANCHISE AGREEMENT

## AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

**Franchisee Information:**

Franchisee Name | Business No.

Franchisee Mailing Address (street) | Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different from above)

Franchisee Fax No. | Franchisee Email Address

**Bank Account Information:**

Bank Name

Bank Mailing Address (street, city, state, zip)

Bank Account No. | ☐ Checking ☐ Savings (check one) | Bank Routing No. (9 digits)

Bank Mailing Address (city, state, zip) | Bank Phone No.

**Authorization:**

Franchisee hereby authorizes B & P Burke, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature:_____ Date:_____

Name:_____

Title:_____

Federal Tax ID Number:_____

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

**EXHIBIT "D"**

**TO DISCLOSURE DOCUMENT**

## FORM OF GENERAL RELEASE

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of B & P Burke, LLC, a California limited liability company ("B & P Burke").

**Background Statement**: [*describe circumstances of Release*]

Releasor agrees as follows:

**1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties")) hereby releases B & P Burke, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, "Claims").

**2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants 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 crossclaim, defense, or counterclaim, against any Released Party with respect to any Claim.

**3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

**4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that B & P Burke reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

This general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Agreed to by:

_____

Name: _____

Date: _____


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**EXHIBIT "E"**

**TO DISCLOSURE DOCUMENT**

## FINANCIAL STATEMENTS

*[See attached]*


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# EHC Holding Company, LLC and Subsidiaries

**Consolidated Financial Report**
**December 31, 2025**


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## EHC Holding Company, LLC and Subsidiaries

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## Independent Auditor's Report

To the Board of Directors
EHC Holding Company, LLC and Subsidiaries

***Opinion***

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

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

***Basis for Opinion***

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

***Responsibilities of Management for the Consolidated Financial Statements***

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

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

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

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

PRAXITY
Empowering Business Globally




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To the Board of Directors
EHC Holding Company, LLC and Subsidiaries

In performing audits in accordance with GAAS, we:

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

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

Plante & Moran, PLLC

April 13, 2026




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## EHC Holding Company, LLC and Subsidiaries

# Consolidated Balance Sheet

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ 10,168,793 | $ 7,200,071 |
| Investments | 103,668 | - |
| Accounts receivable - Net | 3,853,514 | 2,685,757 |
| Inventory | 516,419 | 47,090 |
| Deferred commission costs | 1,042,596 | 225,341 |
| Prepaid expenses and other current assets | 1,301,424 | 807,450 |
| Total current assets | 16,986,414 | 10,965,709 |
| **Property and Equipment** - Net | 2,467,907 | 2,069,949 |
| **Operating Lease Right-of-use Assets** - Net | 913,143 | 792,487 |
| **Goodwill** - Net | 99,375,260 | 52,665,564 |
| **Intangible Assets** - Net | 61,352,930 | 28,380,024 |
| **Other Assets** | | |
| Deferred commission costs - Net of current portion | 7,828,647 | 5,332,257 |
| Other noncurrent assets | 1,239,170 | 489,961 |
| Total assets | **$ 190,163,471** | **$ 100,695,951** |
| **Liabilities and Members' Equity** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 2,455,210 | $ 868,428 |
| Current portion of operating lease liabilities | 321,614 | 212,365 |
| Deferred franchise fees | 3,927,355 | 3,010,287 |
| Other current liabilities: | | |
| Taxes payable | 110,665 | - |
| Accrued compensation | 737,075 | 596,645 |
| Other accrued liabilities | 1,784,377 | 1,279,257 |
| Total current liabilities | 9,336,296 | 5,966,982 |
| **Long-term Debt** | 46,646,902 | - |
| **Operating Lease Liabilities** - Net of current portion | 622,636 | 603,246 |
| **Other Long Term Liabilities** | | |
| Deferred franchise fees - Net of current portion | 20,098,827 | 16,498,710 |
| Deferred tax liabilities | 1,801,324 | - |
| Total liabilities | 78,505,985 | 23,068,938 |
| **Members' Equity** | 111,657,486 | 77,627,013 |
| Total liabilities and members' equity | **$ 190,163,471** | **$ 100,695,951** |

See notes to consolidated financial statements. 3


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## EHC Holding Company, LLC and Subsidiaries

# Consolidated Statement of Operations

**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Net Revenue** | | |
| Royalty fees | $ 13,608,581 | $ 9,732,577 |
| Initial franchise fees | 4,362,781 | 4,547,181 |
| National brand fund fees | 3,727,498 | 2,706,984 |
| Service fees | 7,492,249 | 7,467,150 |
| Other | 1,779,058 | 1,283,105 |
| Total net revenue | 30,970,167 | 25,736,997 |
| **Operating Expenses** | 45,186,193 | 32,452,294 |
| **Nonoperating Expense** - Interest expense | (639,467) | - |
| **Loss** - Before income taxes | (14,855,493) | (6,715,297) |
| **Income Tax Recovery** | (333,964) | - |
| **Consolidated Net Loss** | **$ (14,521,529)** | **$ (6,715,297)** |

See notes to consolidated financial statements. 4


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## EHC Holding Company, LLC and Subsidiaries

# Consolidated Statement of Members' Equity

**Years Ended December 31, 2025 and 2024**

| | |
|---|---|
| **Balance** - January 1, 2024 | $ 84,342,310 |
| Consolidated net loss | (6,715,297) |
| **Balance** - December 31, 2024 | 77,627,013 |
| Consolidated net loss | (14,521,529) |
| Issuance of Class A units | 48,552,002 |
| **Balance** - December 31, 2025 | **$ 111,657,486** |

See notes to consolidated financial statements.


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## EHC Holding Company, LLC and Subsidiaries

# Consolidated Statement of Cash Flows

**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Consolidated net loss | $ (14,521,529) | $ (6,715,297) |
| Adjustments to reconcile consolidated net loss to net cash from operating activities: | | |
| Depreciation and amortization | 12,214,482 | 9,997,566 |
| Noncash lease expense | 54,529 | 16,064 |
| Credit loss expense | 187,898 | 219,820 |
| Deferred income tax recovery | (444,629) | - |
| Changes in operating assets and liabilities that provided (used) cash: | | |
| Accounts receivable | 710,827 | (955,312) |
| Prepaid expenses and other assets | (917,780) | (980,991) |
| Deferred commission costs | (3,313,645) | (3,364,692) |
| Accounts payable and other accrued liabilities | 76,589 | 807,195 |
| Deferred franchise fees | 2,098,787 | 606,768 |
| Net cash used in operating activities | (3,854,471) | (368,879) |
| **Cash Flows from Investing Activities** | | |
| Cash paid for acquisitions - Net of cash acquired | (85,045,980) | - |
| Purchase of property and equipment | (579,731) | (689,514) |
| Net cash used in investing activities | (85,625,711) | (689,514) |
| **Cash Flows from Financing Activities** | | |
| Proceeds from long-term debt | 47,500,000 | - |
| Debt issuance costs | (853,098) | - |
| Proceeds from issuance of Class A units | 45,802,002 | - |
| Net cash provided by financing activities | 92,448,904 | - |
| **Net Increase (Decrease) in Cash** | 2,968,722 | (1,058,393) |
| **Cash** - Beginning of year | 7,200,071 | 8,258,464 |
| **Cash** - End of year | **$ 10,168,793** | **$ 7,200,071** |
| **Supplemental Cash Flow Information** - Cash paid for interest | $ 364,467 | $ - |
| **Significant Noncash Transactions** - Fair value of rollover equity issued for business acquisitions | $ 2,750,000 | $ - |

See notes to consolidated financial statements. 6


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## Note 1 - Nature of Business

EHC Holding Company, LLC and Subsidiaries (the "Company") includes its wholly owned subsidiaries, Evive Brands, LLC (Evive); Executive Home Care Franchising, LLC (EHC); ALL Franchising, LLC (ALL); ALL Licensing, LLC (Licensing); B&P Burke, LLC (Grasons); Brothers Parsons Franchising, LLC (Brothers); Brothers Parsons HV, LLC (BPHV); Brothers Parsons IP, LLC (BPIP); Evive Holdco, Inc. (Holdco); Pacific Lawn Sprinklers Franchise, LLC (PLSF); PLS Corporate Stores, LLC (PLSC); PLS Hub, LLC (PLSH); and Shine Development, LLC (Shine).

EHC is a franchisor that provides home care services to the elderly, physically handicapped, and injured, allowing them to live at home. EHC began operations in 2004.

ALL is a franchisor that provides senior care placement and referral service for in-home companion care, independent retirement options, assisted living, memory care, and skilled nursing facilities. ALL began operations in 2006 and provides services nationwide. Licensing is an operating company that owns the intellectual property used by ALL.

Grasons is a franchisor that provides services for estate sales and business liquidation services and was established in 2011.

Brothers is a franchisor that provides services associated with gutter installation, repair, and maintenance. BPIP is an operating company that owns the intellectual property used by Brothers. BPHV operates a Brothers franchise. BPHV was sold on October 15, 2025.

Holdco's wholly owned subsidiary, MB Franchise Holdings, Inc. (Maid Brigade), is a franchisor that provides residential and commercial professional cleaning services.

PLSF is a franchisor that primarily provides lawn sprinkler and landscape light services to residential and commercial customers. PLSC is a corporate owned location and PLSH is the national call center for the franchise system.

Shine is a franchisor that provides window care and holiday lighting services to residential and commercial businesses.

## Note 2 - Significant Accounting Policies

***Basis of Accounting***

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

***Principles of Consolidation***

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

***Adoption of New Accounting Pronouncement***

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


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## Note 2 - Significant Accounting Policies (Continued)

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

***Accounts Receivable***

Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. At December 31, 2025 and 2024, the Company had recorded an allowance for credit losses in the amount of $695,999 and $131,037, respectively. The Company evaluates the collectibility of its accounts receivable and determines the appropriate allowance for expected credit losses based on a combination of factors, including the aging of the receivables, historical collection trends, and charge-offs, and includes adjustments for current economic conditions. When the Company is aware of a franchisee or customer's inability to meet its financial obligation, the Company may individually evaluate the related receivable to determine the allowance for expected credit losses. The Company has elected the practical expedient to assume that the current conditions as of the consolidated balance sheet date will not change for the remaining life of the asset. The Company has also made the policy election to consider collection activity subsequent to year end in making its estimate of expected losses. The Company has considered subsequent collection activity through January 31, 2026. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. The net accounts receivable balance as of January 1, 2024 was $1,950,265.

***Property and Equipment***

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

***Capitalized Software Costs***

The Company capitalizes significant costs incurred in the acquisition or development of software for internal use, including the costs of the software, materials, consultants, interest, payroll, and payroll-related costs for employees incurred in developing internal-use computer software, once final selection of the software is made. Costs incurred prior to the final selection of software and costs not qualifying for capitalization are charged to expense. Capitalized software amortization expense was approximately $250,000 and $203,000 in 2025 and 2024, respectively. The net book value of capitalized software costs included in property and equipment at December 31, 2025 and 2024 was approximately $781,000 and $1,032,000, respectively. The estimated useful life of the capitalized software is five years.

***Leases***

The Company has operating leases for corporate office space. The Company recognizes expense for operating leases on a straight-line basis over the lease term. The Company made a policy election not to separate lease and nonlease components for all operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability. Total rent expense for the years ended December 31, 2025 and 2024 equaled approximately $308,000 and $267,000. Cash paid for leases approximated these expense amounts.

The Company has an operating lease with a lease term of one year or less that the Company elected to account for as a short-term lease. As this lease is a short-term lease, it is not included in the right-of-use asset and lease liability. Total expense related to short-term leases is *de minimis*.

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


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## Note 2 - Significant Accounting Policies (Continued)

***Intangible Assets***

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 14 years. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually.

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

***Debt Issuance Costs***

Debt issuance costs are recorded as a reduction in the recorded balance of the outstanding debt. The costs are amortized over the term of the related debt and reported as a component of interest expense.

***Goodwill***

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

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

No impairment charge was recognized during the years ended December 31, 2025 and 2024.

***Revenue Recognition***

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

The Company also operates certain franchise locations. The revenue for these consist of revenue recognized at a point in time as the service is completed. This revenue is identified as service fees on the accompanying consolidated statement of operations.


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## Note 2 - Significant Accounting Policies (Continued)

***Payment Terms***

Initial franchise fees are due and typically paid when a franchise agreement is executed and are nonrefundable. These fees are collected prior to the satisfaction of the Company's performance obligations, resulting in the Company recognizing deferred revenue contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the consolidated balance sheet. Deferred initial franchise fees as of January 1, 2024 equaled $18,902,229. Initial franchise fees are also received pursuant to area development agreements, which grant the right to develop franchised territories in future periods in specific geographic areas. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Technology fees are paid on a monthly basis based upon a fixed amount. Service fees are due 30 days from when the service is performed.

***Allocating the Transaction Price***

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

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

***Costs to Obtain a Franchise Agreement***

The Company incurs commission costs to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the commission costs are capitalized as deferred commission costs and are expensed over the term of the respective franchise agreement, which is determined to be the period of benefit. During the years ended December 31, 2025 and 2024, commission expenses incurred related to obtaining franchise agreements was approximately $2,100,000 and $623,000, respectively.

***Advertising Expense***

In accordance with the Company's franchise agreements, franchisees pay a percentage of monthly sales to an advertising fund to be used for advertising, marketing, and other promotional purposes. Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2025 and 2024 was approximately $5,540,000 and $3,756,000, respectively.

***Income Taxes***

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

Holdco is structured as a C corporation; therefore, a current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.


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## Note 2 - Significant Accounting Policies (Continued)

***Concentrations of Credit Risk***

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

***Use of Estimates***

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

***Subsequent Events***

The consolidated financial statements and related disclosures include evaluation of events up through and including April 13, 2026, which is the date the financial statements were available to be issued.

## Note 3 - Business Combinations

***MB Franchise Holdings, Inc.***

On May 30, 2025, the Company acquired 100 percent of the outstanding capital stock of MB Franchise Holdings, Inc. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the facility maintenance service industry.

The fair value of the consideration transferred equaled $17,834,448, all of which was paid in cash.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

| | |
|---|---|
| Cash | $ 209,151 |
| Accounts receivable | 202,278 |
| Prepaids and other assets | 16,307 |
| Right-of-use assets | 116,952 |
| Intangible assets | 11,657,000 |
| Accounts payable | (386,108) |
| Deferred franchise fees | (632,153) |
| Lease liabilities | (70,406) |
| Accrued expenses | (365,293) |
| Deferred tax liabilities | (2,245,953) |
| Total identifiable net assets | 8,501,775 |
| Goodwill | 9,332,673 |
| Total | $ 17,834,448 |

The fair value of financial assets includes accounts receivable with a gross contractual value of $202,278, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 10 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.


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## Note 3 - Business Combinations (Continued)

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately $1,478,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

***Pacific Lawn Sprinklers***

On October 23, 2025, the Company acquired 100 percent of the membership interests of Pacific Lawn Sprinklers Franchise LLC; PLS IP, LLC; and PLS Hub, LLC, and PLSC purchased all assets of PLS Inc. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the facility maintenance service industry.

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

| | |
|---|---|
| Cash | $ 57,119,262 |
| Noncash rollover equity - Class A units | 1,000,000 |
| Fair value of total consideration transferred | $ 58,119,262 |

The fair value of the 892 Class A units issued as noncash rollover equity was based on a valuation of the Company's membership interests using an option-pricing model. See Note 9 for further details.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

| | |
|---|---|
| Cash | $ 476,305 |
| Accounts receivable | 1,211,555 |
| Inventory | 516,419 |
| Prepaids and other assets | 257,245 |
| Property and equipment | 548,204 |
| Right-of-use assets | 238,355 |
| Intangible assets | 20,887,000 |
| Accounts payable | (357,951) |
| Deferred franchise fees | (581,855) |
| Lease liabilities | (238,355) |
| Accrued expenses | (344,142) |
| Total identifiable net assets | 22,612,780 |
| Goodwill | 35,506,482 |
| Total | $ 58,119,262 |

The fair value of financial assets includes accounts receivable with a gross contractual value of $1,211,555, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 10 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.


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## Note 3 - Business Combinations (Continued)

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately $1,885,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

***Shine Development Holdings, Inc.***

On November 24, 2025, the Company acquired 100 percent of the outstanding capital stock of Shine Development Holdings, Inc. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the facility maintenance service industry.

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

| | |
|---|---|
| Cash | $ 10,810,568 |
| Noncash rollover equity - Class A units | 1,750,000 |
| Fair value of total consideration transferred | $ 12,560,568 |

The fair value of the 1,248 Class A units issued as noncash rollover equity was based on a valuation of the Company's membership interests using an option-pricing model. See Note 9 for further details.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

| | |
|---|---|
| Cash | $ 32,842 |
| Investments | 103,668 |
| Accounts receivable | 652,649 |
| Prepaids and other assets | 4,761 |
| Property and equipment | 24,455 |
| Right-of-use assets | 92,436 |
| Intangible assets | 4,583,000 |
| Accounts payable | (143,367) |
| Deferred franchise fees | (1,204,390) |
| Lease liabilities | (92,436) |
| Accrued expenses | (669,547) |
| Total identifiable net assets | 3,384,071 |
| Goodwill | 9,176,497 |
| Total | $ 12,560,568 |

The fair value of financial assets includes accounts receivable with a gross contractual value of $652,649, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 10 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.


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## Note 3 - Business Combinations (Continued)

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately $1,068,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

## Note 4 - Property and Equipment

Property and equipment are summarized as follows:

| | 2025 | 2024 |
|---|---|---|
| Machinery and equipment | $ 151,978 | $ 224,961 |
| Vehicles | 541,000 | 281,658 |
| Furniture and fixtures | 149,944 | 140,755 |
| Computer equipment and software | 2,095,919 | 1,678,755 |
| Leasehold improvements | 228,551 | 251,913 |
| Total cost | 3,167,392 | 2,578,042 |
| Accumulated depreciation | 699,485 | 508,093 |
| Net property and equipment | $ 2,467,907 | $ 2,069,949 |

Depreciation expense was approximately $482,000 and $329,000 for the years ended December 31, 2025 and 2024, respectively.

## Note 5 - Intangible Assets and Goodwill

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

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| Amortized intangible assets and goodwill: | | | | |
| Franchise agreements | $ 55,246,000 | $ 6,607,365 | $ 24,937,000 | $ 3,205,115 |
| Trade names | 13,949,232 | 1,781,070 | 7,131,232 | 934,157 |
| Developed technology | 1,097,752 | 551,619 | 807,674 | 356,610 |
| Goodwill | 116,038,647 | 16,663,387 | 62,057,306 | 9,391,742 |
| Total amortized intangible assets and goodwill | $ 186,331,631 | $ 25,603,441 | $ 94,933,212 | $ 13,887,624 |

Amortization expense for intangible assets and goodwill totaled approximately $11,732,000 and $9,669,000 for the years ended December 31, 2025 and 2024, respectively.

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

| Years Ending | Amount |
|---|---|
| 2026 | $ 18,941,087 |
| 2027 | 18,941,087 |
| 2028 | 18,941,087 |
| 2029 | 18,941,087 |
| 2030 | 18,941,087 |
| Thereafter | 66,022,755 |
| Total | $ 160,728,190 |


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## Note 6 - Long-term Debt

Long-term debt at December 31, 2025 is as follows:

| | |
|---|---|
| Term loan | $ 40,000,000 |
| Delayed draw term loan | 7,500,000 |
| Total | 47,500,000 |
| Unamortized debt issuance costs | 853,098 |
| Long-term portion | $ 46,646,902 |

The balance of the above debt matures as follows:

| Years Ending | Amount |
|---|---|
| 2026 | $ - |
| 2027 | - |
| 2028 | 475,000 |
| 2029 | 475,000 |
| 2030 | 475,000 |
| Thereafter | 46,075,000 |
| Total | $ 47,500,000 |

In October 2025, the Company entered into a credit agreement with a financial institution to help fund current and future acquisitions. Maximum borrowings under the credit agreement are as follows: an initial term loan commitment of $40,000,000, total delayed draw term loan commitments of $25,000,000, and a revolving loan commitment of $7,000,000. All commitments are secured by substantially all of the assets of the Company. Principal payments of 0.25 percent of the outstanding loan amounts are due quarterly starting in 2028 until maturity in October 2031, at which time all unpaid principal is due.

The interest rate is a floating rate equal to the Secured Overnight Financing Rate (SOFR), or the alternate base rate (ABR), plus the applicable margin, as defined in the credit agreement. The effective interest rate on the term loan as of December 31, 2025 was 8.67 percent. The effective rate on the delayed draw term loan as of December 31, 2025 was 8.42 percent.

Debt issuance costs of approximately $853,000 were incurred to secure the credit facility.

Under the agreements with the bank, the Company is subject to various financial covenants, including a net leverage ratio covenant, and excess cash flow payments. As of December 31, 2025, the Company was in compliance with all financial covenants and was not required to make an excess cash flow payment.

## Note 7 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations for the year ended December 31, 2025 are all attributable to continuing operations and are detailed as follows:

| | |
|---|---|
| Current income tax expense | $ 110,665 |
| Deferred income tax recovery | (444,629) |
| Total income tax recovery | $ (333,964) |

The income tax provision differs from the expense that would result from applying statutory rates to income before income taxes as a result of state taxes and temporary timing differences primarily related to intangible assets and revenue recognition.


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## Note 7 - Income Taxes (Continued)

The details of the net deferred tax liability are as follows:

| | |
|---|---|
| Total deferred tax liabilities | $ (2,304,376) |
| Total deferred tax assets | 503,052 |
| Total | $ (1,801,324) |

## Note 8 - Related Party Transactions

The majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in operating expenses on the accompanying consolidated statement of operations. Total expense for the years ended December 31, 2025 and 2024 was approximately $809,000 and $702,000, respectively.

## Note 9 - Members' Equity

Class A units have voting rights on all matters requiring the consent, approval, or vote of the members. The Class A units receive preference on distributions. There were 1,000,000 units authorized and 154,175 and 109,546 units issued and outstanding, respectively, as of December 31, 2025 and 2024.

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

As defined in the EHC Holding Company, LLC Amended and Restated Limited Liability Company Agreement, a deferred unit provides the right to be issued a Class B unit prior to a significant sale, assuming the fair market value of the Company exceeds the threshold amount, as defined in the Deferred Unit Agreements. The deferred units are time-vesting units that generally vest one-seventh each continuous year of service, becoming fully vested on the seventh anniversary of the grant date. These units allow for accelerated vesting upon the occurrence of a significant sale. As of December 31, 2025 and 2024, there were 5,114 and 3,803 deferred units issued, 3,851 and 2,540 deferred units outstanding, and 849 and 502 deferred units vested, respectively. No compensation expense was recognized during 2025 and 2024, as the fair value of the units is *de minimis*.


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# EHC Holding Company, LLC and Subsidiaries

**Consolidated Financial Report**
**December 31, 2024**


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## EHC Holding Company, LLC and Subsidiaries

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## Independent Auditor's Report

To the Board of Directors
EHC Holding Company, LLC and Subsidiaries

***Opinion***

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

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

***Basis for Opinion***

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

***Responsibilities of Management for the Consolidated Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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To the Board of Directors
EHC Holding Company, LLC and Subsidiaries

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

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

Plante & Moran, PLLC

March 25, 2025


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## EHC Holding Company, LLC and Subsidiaries

# Consolidated Balance Sheet

**December 31, 2024**

| | |
|---|---|
| **Assets** | |
| **Current Assets** | |
| Cash | $ 7,200,071 |
| Accounts receivable - Net | 2,685,757 |
| Inventory | 47,090 |
| Prepaid expenses and other current assets | 1,032,791 |
| Total current assets | 10,965,709 |
| **Property and Equipment** - Net | 2,069,949 |
| **Operating Lease Right-of-use Assets** - Net | 792,487 |
| **Goodwill** - Net | 52,665,564 |
| **Intangible Assets** - Net | 28,380,024 |
| **Other Assets** | |
| Deferred commission costs - Net of current portion | 5,332,257 |
| Other noncurrent assets | 489,961 |
| Total other assets | 5,822,218 |
| Total assets | **$ 100,695,951** |
| **Liabilities and Members' Equity** | |
| **Current Liabilities** | |
| Accounts payable | $ 868,428 |
| Current portion of operating lease liabilities | 212,365 |
| Deferred franchise fees | 3,010,287 |
| Other current liabilities: | |
| Accrued compensation | 596,645 |
| Other accrued liabilities | 1,279,257 |
| Total current liabilities | 5,966,982 |
| **Operating Lease Liabilities** - Net of current portion | 603,246 |
| **Deferred Franchise Fees** - Net of current portion | 16,498,710 |
| Total liabilities | 23,068,938 |
| **Members' Equity** | 77,627,013 |
| Total liabilities and members' equity | **$ 100,695,951** |

See notes to consolidated financial statements. 3


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## EHC Holding Company, LLC and Subsidiaries

# Consolidated Statement of Operations

| | Year Ended December 31, 2024 |
|---|---|
| **Net Revenue** | |
| Royalty fees | $ 9,732,577 |
| Initial franchise fees | 4,547,181 |
| National brand fund fees | 2,706,984 |
| Service fees | 7,467,150 |
| Other | 1,283,105 |
| Total net revenue | 25,736,997 |
| **Operating Expenses** | 32,452,294 |
| **Consolidated Net Loss** | **$ (6,715,297)** |

See notes to consolidated financial statements. 4


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## EHC Holding Company, LLC and Subsidiaries

# Consolidated Statement of Members' Equity

**Year Ended December 31, 2024**

| | |
|---|---|
| **Balance** - January 1, 2024 | $ 84,342,310 |
| Consolidated net loss | (6,715,297) |
| **Balance** - December 31, 2024 | **$ 77,627,013** |

See notes to consolidated financial statements.


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## EHC Holding Company, LLC and Subsidiaries

# Consolidated Statement of Cash Flows

| | Year Ended December 31, 2024 |
|---|---|
| **Cash Flows from Operating Activities** | |
| Consolidated net loss | $ (6,715,297) |
| Adjustments to reconcile consolidated net loss to net cash from operating activities: | |
| Depreciation and amortization | 9,997,566 |
| Noncash lease expense | 16,064 |
| Bad debt expense | 219,820 |
| Changes in operating assets and liabilities that (used) provided cash: | |
| Accounts receivable | (955,312) |
| Prepaid expenses and other assets | (980,991) |
| Deferred commission costs | (3,364,692) |
| Accounts payable and other accrued liabilities | 807,195 |
| Deferred franchise fees | 606,768 |
| Net cash used in operating activities | (368,879) |
| **Cash Flows Used in Investing Activities** - Purchase of property and equipment | (689,514) |
| **Net Decrease in Cash** | (1,058,393) |
| **Cash** - Beginning of year | 8,258,464 |
| **Cash** - End of year | **$ 7,200,071** |

See notes to consolidated financial statements. 6


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## Note 1 - Nature of Business

EHC Holding Company, LLC and Subsidiaries (the "Company") includes its wholly owned subsidiaries, Evive Brands, LLC (Evive); Executive Home Care Franchising, LLC (EHC); ALL Franchising, LLC (ALL); ALL Licensing, LLC (Licensing); B&P Burke, LLC (Grasons); Brothers Parsons Franchising, LLC (Brothers); Brothers Parsons HV, LLC (BPHV); and Brothers Parsons IP, LLC (BPIP).

EHC is a franchisor that provides home care services to the elderly, physically handicapped, and injured, allowing them to live at home. EHC began operations in 2004.

ALL is a franchisor that provides senior care placement and referral service for in-home companion care, independent retirement options, assisted living, memory care, and skilled nursing facilities. ALL began operations in 2006 and provides services nationwide. Licensing is an operating company that owns the intellectual property used by ALL.

Grasons is a franchisor that provides services for estate sales and business liquidation services and was established in 2011.

Brothers is a franchisor that provides services associated with gutter installation, repair, and maintenance. BPIP is an operating company that owns the intellectual property used by Brothers. BPHV operates a Brothers franchise.

## Note 2 - Significant Accounting Policies

***Basis of Accounting***

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

***Principles of Consolidation***

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

***Accounts Receivable***

Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. At December 31, 2024, the Company had recorded an allowance for credit losses in the amount of $131,037. The Company evaluates the collectibility of its accounts receivable and determines the appropriate allowance for expected credit losses based on a combination of factors, including the aging of the receivables, historical collection trends, and charge-offs, and includes adjustments for current economic conditions and reasonable and supportable forecasts. When the Company is aware of a franchisee or customer's inability to meet its financial obligation, the Company may individually evaluate the related receivable to determine the allowance for expected credit losses. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. The net accounts receivable balance as of January 1, 2024 was $1,950,265.

***Property and Equipment***

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


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## Note 2 - Significant Accounting Policies (Continued)

***Capitalized Software Costs***

The Company capitalizes significant costs incurred in the acquisition or development of software for internal use, including the costs of the software, materials, consultants, interest, payroll, and payroll-related costs for employees incurred in developing internal-use computer software, once final selection of the software is made. Costs incurred prior to the final selection of software and costs not qualifying for capitalization are charged to expense. Capitalized software amortization expense was approximately $203,000 in 2024. The net book value of capitalized software costs included in property and equipment at December 31, 2024 was approximately $1,032,000. The estimated useful life of the capitalized software is five years.

***Leases***

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

The Company has an operating lease with a lease term of one year or less that the Company elected to account for as a short-term lease. As this lease is a short-term lease, it is not included in the right-of-use asset and lease liability. Total expense related to short-term leases is *de minimis*.

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

***Intangible Assets***

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 14 years. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually.

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

***Goodwill***

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

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

No impairment charge was recognized during the year ended December 31, 2024.


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## Note 2 - Significant Accounting Policies (Continued)

***Revenue Recognition***

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

The Company also operates a franchise location. The revenue for this consists of revenue recognized at a point in time as the service is completed. This revenue is identified as service fees on the accompanying consolidated statement of operations.

***Payment Terms***

Initial franchise fees are due and typically paid when a franchise agreement is executed and are nonrefundable. These fees are collected prior to the satisfaction of the Company's performance obligations, resulting in the Company recognizing deferred revenue contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the consolidated balance sheet. Deferred initial franchise fees as of January 1, 2024 equaled $18,902,229. Initial franchise fees are also received pursuant to area development agreements, which grant the right to develop franchised territories in future periods in specific geographic areas. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Technology fees are paid on a monthly basis based upon a fixed amount. Service fees are due 30 days from when the service is performed.

***Allocating the Transaction Price***

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

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

***Costs to Obtain a Franchise Agreement***

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


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## Note 2 - Significant Accounting Policies (Continued)

***Advertising Expense***

In accordance with the Company's franchise agreements, franchisees pay a percentage of monthly sales to an advertising fund to be used for advertising, marketing, and other promotional purposes. Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2024 was $3,755,611.

***Income Taxes***

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

***Concentrations of Credit Risk***

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

***Use of Estimates***

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

***Subsequent Events***

The consolidated financial statements and related disclosures include evaluation of events up through and including March 25, 2025, which is the date the financial statements were available to be issued.

## Note 3 - Property and Equipment

Property and equipment are summarized as follows:

| | |
|---|---|
| Machinery and equipment | $ 224,961 |
| Vehicles | 281,658 |
| Furniture and fixtures | 140,755 |
| Computer equipment and software | 1,678,755 |
| Leasehold improvements | 251,913 |
| Total cost | 2,578,042 |
| Accumulated depreciation | 508,093 |
| Net property and equipment | $ 2,069,949 |

Depreciation expense was $328,825 for the year ended December 31, 2024.


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## Note 4 - Intangible Assets and Goodwill

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

| | Gross Carrying Amount | Accumulated Amortization |
|---|---|---|
| Amortized intangible assets and goodwill: | | |
| Franchise agreements | $ 24,937,000 | $ 3,205,115 |
| Trade names | 7,131,232 | 934,157 |
| Developed technology | 807,674 | 356,610 |
| Goodwill | 62,057,306 | 9,391,742 |
| Total amortized intangible assets and goodwill | $ 94,933,212 | $ 13,887,624 |

Amortization expense for intangible assets and goodwill totaled $9,668,741 for the year ended December 31, 2024.

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

| Years Ending | Amount |
|---|---|
| 2025 | $ 9,515,106 |
| 2026 | 9,515,106 |
| 2027 | 9,515,106 |
| 2028 | 9,515,106 |
| 2029 | 9,515,106 |
| Thereafter | 33,470,058 |
| Total | $ 81,045,588 |

## Note 5 - Leases

The Company leases three offices under operating lease agreements that have an initial term of three to six years. Some leases include one or more options to exercise renewal terms that can extend the lease term at the Company's sole discretion. In addition, some leases contain rights to terminate whereby those termination options are held by the Company, the lessor, or both parties. These options to extend or terminate the lease are included in the lease terms only when it is reasonably certain that the Company will exercise that option. The Company's leases generally do not contain any material restrictive covenants.


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## Note 5 - Leases (Continued)

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

| Years Ending December 31 | Amount |
|---|---|
| 2025 | $ 230,942 |
| 2026 | 228,719 |
| 2027 | 203,733 |
| 2028 | 139,664 |
| 2029 | 53,632 |
| Total | 856,690 |
| Less amount representing interest | 41,079 |
| Present value of net minimum lease payments | 815,611 |
| Less current obligations | 212,365 |
| Long-term obligations under leases | $ 603,246 |

| | | |
|---|---|---|
| Lease cost - Operating lease cost | $ | 235,997 |
| Other information: | | |
| Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases | $ | 222,245 |
| Weighted-average remaining lease term (years) - Operating leases | | 3.7 |
| Weighted-average discount rate - Operating leases | | 2.6 % |

## Note 6 - Related Party Transactions

The majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in operating expenses on the accompanying consolidated statement of operations. The total expense for the year ended December 31, 2024 is $701,563.

## Note 7 - Members' Equity

Class A units have voting rights on all matters requiring the consent, approval, or vote of the members. The Class A units receive preference on distributions. There were 1,000,000 units authorized and 109,546 units issued and outstanding as of December 31, 2024.

Class B units do not have voting rights and are 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. There were 1,000,000 units authorized and no units issued or outstanding as of December 31, 2024.


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## Note 7 - Members' Equity (Continued)

As defined in the EHC Holding Company, LLC Amended and Restated Limited Liability Company Agreement, a deferred unit provides the right to be issued a Class B unit prior to a significant sale, assuming the fair market value of the Company exceeds the threshold amount, as defined in the Deferred Unit Agreements. The deferred units are time-vesting units that generally vest one-seventh each continuous year of service, becoming fully vested on the seventh anniversary of the grant date. These units allow for accelerated vesting upon the occurrence of a significant sale. As of December 31, 2024, there were 3,803 deferred units issued, 2,540 deferred units outstanding, and 502 deferred units vested. No compensation expense was recognized during 2024, as the fair value of the units is *de minimis*.


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# EHC Holding Company, LLC and Subsidiaries

Consolidated Financial Report
December 31, 2023


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RSM US LLP

## Independent Auditor's Report

Board of Directors
EHC Holding Company, LLC and Subsidiaries

**Opinion**
We have audited the consolidated financial statements of EHC Holding Company, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in members' equity, and cash flows for the years ended December 31, 2023 and 2022, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

**Basis for Opinion**
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

**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.



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**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
April 18, 2024




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**EHC Holding Company, LLC and Subsidiaries**

**Consolidated Balance Sheets**
**December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | **$ 8,258,464** | $ 7,906,497 |
| Accounts receivable, net allowance for credit losses | **1,950,265** | 595,028 |
| Inventory | **47,089** | - |
| Prepaid expenses and other current assets | **490,729** | 146,386 |
| **Total current assets** | **10,746,547** | 8,647,911 |
| Property, plant, and equipment, net | **2,039,654** | 1,671 |
| Other assets: | | |
| Operating lease right-of-use assets, net | **1,025,134** | 121,846 |
| Goodwill, net | **48,652,991** | 16,450,078 |
| Intangibles, net | **31,456,699** | 5,157,183 |
| Other assets | **129,180** | 131,896 |
| Contract costs | **12,163,663** | 1,865,412 |
| **Total other assets** | **93,427,667** | 23,726,415 |
| **Total assets** | **$ 106,213,868** | $ 32,375,997 |
| **Liabilities and Members' Equity** | | |
| Current liabilities: | | |
| Accounts payable | **$ 972,368** | $ 391,621 |
| Accrued expenses | **964,767** | 1,230,707 |
| Current portion of deferred franchise fees | **2,422,957** | 422,746 |
| Current portion operating lease liabilities | **198,150** | 29,701 |
| **Total current liabilities** | **4,558,242** | 2,074,775 |
| Deferred franchise fees, net of current portion | **16,479,272** | 4,869,898 |
| Operating lease liability, net of current portion | **834,044** | 95,071 |
| | **17,313,316** | 4,964,969 |
| **Total liabilities** | **21,871,558** | 7,039,744 |
| Members' equity | **84,342,310** | 25,336,253 |
| **Total liabilities and members' equity** | **$ 106,213,868** | $ 32,375,997 |

See notes to consolidated financial statements.




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**EHC Holding Company, LLC and Subsidiaries**

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

| | 2023 | 2022 |
|---|---|---|
| Revenues: | | |
| Franchise fee revenue | **$ 6,507,714** | $ 2,171,527 |
| Support services | **666,668** | - |
| **Total revenues** | **7,174,382** | 2,171,527 |
| Operating expenses: | | |
| Cost of services | **306,538** | - |
| General and administrative expenses | **5,531,685** | 2,986,145 |
| Payroll and benefits | **3,885,484** | 1,755,242 |
| Transaction expenses | **1,579,290** | 1,502,800 |
| Amortization and depreciation expense | **3,040,926** | 919,800 |
| Other operating expenses | **546,426** | 15,406 |
| **Total operating expenses** | **14,890,349** | 7,179,393 |
| **Net loss** | **$ (7,715,967)** | $ (5,007,866) |

See notes to consolidated financial statements.


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**EHC Holding Company, LLC and Subsidiaries**

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

| | |
|---|---|
| Balance, January 1, 2022 | $ 7,844,119 |
| Contributed capital | 22,500,000 |
| Net loss | (5,007,866) |
| Balance at December 31, 2022 | 25,336,253 |
| Contributed capital | 66,722,024 |
| Net loss | (7,715,967) |
| **Balance at December 31, 2023** | **$ 84,342,310** |

See notes to consolidated financial statements.


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**EHC Holding Company, LLC and Subsidiaries**

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

| | 2023 | 2022 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | **$ (7,715,967)** | $ (5,007,866) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | **3,040,926** | 919,800 |
| Changes in assets and liabilities, net of acquisitions: | | |
| Accounts receivable | **146,847** | (453,957) |
| Prepaid expenses and other current assets | **(235,413)** | (44,821) |
| Other assets | **2,716** | (6,575) |
| Contract costs | **(1,143,324)** | (117,661) |
| Accounts payable and accrued expenses | **(538,706)** | 142,018 |
| Deferred franchise fees | **1,532,134** | 300,099 |
| Operating lease assets and liabilities | **95,605** | 2,926 |
| **Net cash used in operating activities** | **(4,815,182)** | (4,266,037) |
| Cash flows from investing activities: | | |
| Acquisition of businesses, net of cash acquired | **(46,199,803)** | (13,055,236) |
| Purchase of intangible assets | **-** | (40,512) |
| Purchase of property and equipment | **(1,355,072)** | (1,270) |
| **Net cash used in investing activities** | **(47,554,875)** | (13,097,018) |
| Cash flows from financing activities: | | |
| Proceeds from capital contributions | **52,722,024** | 20,000,000 |
| **Net cash provided by financing activities** | **52,722,024** | 20,000,000 |
| **Net increase in cash and cash equivalents** | **351,967** | 2,636,945 |
| Cash and cash equivalents, beginning | **7,906,497** | 5,269,552 |
| Cash and cash equivalents, ending | **$ 8,258,464** | $ 7,906,497 |

(Continued)


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**EHC Holding Company, LLC and Subsidiaries**

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

| | 2023 | 2022 |
|---|---|---|
| Supplemental schedule of noncash operating, investing and financing activities: | | |
| Acquisition of businesses: | | |
| Assets acquired | **$ 40,044,046** | $ 7,257,883 |
| Liabilities assumed | **(13,661,493)** | (5,078,960) |
| **Net identifiable assets acquired** | **26,382,553** | 2,178,923 |
| Goodwill | **34,390,411** | 14,545,344 |
| **Net assets acquired** | **60,772,964** | 16,724,267 |
| Less cash acquired | **(992,260)** | (620,715) |
| Add due from seller | **419,099** | 45,924 |
| Less contingent consideration | **-** | (594,240) |
| Less units issued as consideration | **(14,000,000)** | (2,500,000) |
| **Cash purchase price** | **$ 46,199,803** | $ 13,055,236 |

See notes to consolidated financial statements.


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**EHC Holding Company, LLC and Subsidiaries**

**Notes to Consolidated Financial Statements**

**Note 1. Summary of Significant Accounting Policies**

**Nature of business:** EHC Holding Company, LLC and Subsidiaries (the Company) through its wholly owned subsidiaries, including Executive Home Care Franchising, LLC (EH), ALL Franchising, LLC (ALL), ALL Licensing, LLC (Licensing), B&P Burke, LLC (Grasons), Brothers Franchising, LLC (Brothers), and Brothers That Just do Gutters, LLC (BG).

EH is a franchisor that provides home care services to the elderly, physically handicapped and injured, allowing them to live at home. Executive Homecare began operations in 2004.

ALL is a franchisor that provides senior care placement and referral service for in-home companion care, independent retirement options, assisted living, memory care, and skilled nursing facilities. Assisted Living Locators began operations in 2006 and provides services nationwide.

Licensing is an operating company that owns technology used by ALL.

Grasons is a franchisor that provides services for estate sales and business liquidation services. Grasons was established in 2011 and conducts operations from its principal office in California.

Brothers is a franchisor that provides services associated with gutter instillation, repair, and maintenance.

BG operates a Brothers franchise.

**Significant accounting policies:**

***Basis of presentation:*** The consolidated balance sheets is presented as of December 31, 2023 and 2022. The consolidated statements of operations, changes in members' equity, and cash flows are presented for the years ended of December 31, 2023 and 2022. 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 accounting principles generally accepted in the United States of America (U.S. GAAP) that the Company follows to ensure its financial condition, results of operations, and cash flows are consistently reported. References to U.S. 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 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.


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**Note 1. Summary of Significant Accounting Policies (Continued)**

*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 national brand fund contributions and support services for the franchisees and (d) for certain subsidiaries, a license to use the Company's internal-use software, which is hosted on the Company's software as a service (SaaS) platform. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that 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 fee revenue.

The Company's franchise fee revenue includes franchise royalties, franchise fees, advertising fund contributions 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.

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

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

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

*Revenue recognition* - Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement beginning when the agreement is signed. Franchise agreements typically have a term of 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 fee revenue 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 fees) also is recorded. Revenue is recognized on a straight-line basis over the life of the franchise agreement.


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**Note 1. Summary of Significant Accounting Policies (Continued)**

*Commission costs* - The Company defers those direct and incremental costs associated with the sale of franchises. Contract 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. Expense is recognized on a straight-line basis commensurate with the pattern of revenue recognition. Contract costs are recorded in other 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.

***Accounts receivable:*** Accounts receivables represent amounts due from franchisees pursuant to their individual franchise agreements. Accounts receivables are stated at historical value which approximates fair value. The allowance for credit losses on accounts receivables represents the Company's estimate of expected credit losses over the lifetime of the receivables. This estimation process is based on historical experience, current conditions, asset-specific risk characteristics and reasonable and supportable forecasts about future economic and market conditions. Accounts receivables are written off when deemed uncollectible. Recoveries of royalty receivables previously written off are recorded when received. The allowance for credit loss was approximately $144,000 and $37,000 for the years ended December 31, 2023 and 2022, respectively. The Company will continue to monitor and evaluate the adequacy of the allowance for credit losses on accounts receivable on a regular basis and make adjustments as necessary in response to changes in economic conditions and credit quality indicators.

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

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


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**Note 1. Summary of Significant Accounting Policies (Continued)**

***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 of approximately $1,271,000 and $0 for the years ended December 31, 2023 and 2022, respectively.

***Property and equipment:*** Property and equipment are 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. Property and equipment have estimated useful lives of three to ten years. Depreciation expense for the years ended December 31, 2023 and 2022, was approximately $98,000 and $700, respectively.

***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 ASC 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 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 indicators of impairment were identified for the years ended December 31, 2023 and 2022.

Intangible assets include franchise agreements, trade names, and developed technology. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range between five to 14 years.


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**Note 1. Summary of Significant Accounting Policies (Continued)**

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

***Leases:*** In February 2016, the FASB issued ASC 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. ASC 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 ASC 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Company adopted ASC 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period consolidated financial statements. Under this transition provision, the Company has applied ASC 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 840, Leases.

The Company elected the package of practical expedients under the transition guidance within ASC 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 measured the ROU asset and lease liability using the remaining portion of the lease term upon the adoption of ASC 842 on January 1, 2022.

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

The Company made an accounting policy election available under ASC 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 ASC 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 nonpublic 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 ASC 842).


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**Note 1. Summary of Significant Accounting Policies (Continued)**

The Company has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its various asset classes. The nonlease 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 ASC 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of approximately $153,000 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.

***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.

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

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


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### Note 1. Summary of Significant Accounting Policies (Continued)

***Use of estimates:*** The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent events:** The Company evaluated subsequent events for potential required disclosure through April 18, 2024, which is the date the consolidated financial statements were available to be issued.

### Note 2. Acquisition of Businesses

**Assisted Living Locators:** On August 24, 2022, the Company acquired ALL and Licensing. ALL is a franchisor and the franchises provide senior placement and referral services. Licensing is an operating company that owns technology used by ALL. As a result of the transaction, the Company gains penetration into this industry. The Company obtained control of the business by acquiring 100% of the membership interests of ALL and Licensing, therefore the acquisition was accounted for as a business combination. The results of this acquisition have been included in the consolidated financial statements since the date of the acquisition.

The acquisition was funded through cash contributions of equity.

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

The following table summarizes the consideration paid and the amounts of the assets acquired, and liabilities assumed at the date of acquisition:

| | |
|---|---|
| Consideration: | |
| Cash | $ 10,604,497 |
| 3,409 Class A shares of EHC Holding Company, LLC | 2,500,000 |
| Total invested capital | $ 13,104,497 |
| | |
| Recognized amount of identifiable assets acquired and liabilities assumed: | |
| Cash | $ 554,552 |
| Receivables | 90,587 |
| Prepaid assets | 63,265 |
| Contract assets | 1,535,871 |
| Intangible assets | 4,212,000 |
| Other asset | 20,232 |
| Accounts payable | (198,630) |
| Accrued expenses and other liabilities | (246,569) |
| Contract liabilities | (4,004,575) |
| Total identifiable net assets acquired | 2,026,733 |
| Goodwill | 11,077,764 |
| | $ 13,104,497 |


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**Note 2. Acquisition of Businesses (Continued)**

The fair value of the 3,409 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

Transaction expenses of approximately $1,077,000 were incurred as a result of the business combination and have been expensed by the Company and included in the consolidated statement of operations within the transaction expenses line item for the year ended December 31, 2022

Of the $4,212,000 of identified intangible assets, $2,736,000 was assigned to franchise agreements, $1,034,000 was assigned to trade name, and $442,000 was assigned to developed technology. Each were determined to have useful lives of 10 years, 14 years and five years, respectively. The weighted-average useful life in years for the identified intangible assets in aggregate was 10.45 years. Franchise agreements, trade names, and developed technology were valued using the multiperiod excess earnings method, relief from royalty method, and cost-to-recreate method, respectively.

**Grasons:** On November 21, 2022, the Company acquired Grasons. Grasons is a franchisor and the franchises provides downsizing and estate sale services, business liquidation services, senior transition assistance, home staging, and home organization services. As a result of the transaction, the Company gains penetration into this industry. The Company obtained control of the business by acquiring 100% of the membership interests of Grasons, therefore the acquisition was accounted for as a business combination. The results of this acquisition have been included in the consolidated financial statements since the date of the acquisition.

The acquisition was funded through cash contributions of equity.

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

The following table summarizes the consideration paid and the amounts of the assets acquired, and liabilities assumed at the date of acquisition:


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**Note 2. Acquisition of Businesses (Continued)**

| | |
|---|---|
| Consideration: | |
| Cash | $ 3,071,454 |
| Contingent consideration | 594,240 |
| Due from seller | (45,924) |
| Total invested capital | $ 3,619,770 |
| | |
| Recognized amount of identifiable assets acquired and liabilities assumed: | |
| Cash | $ 66,163 |
| Accounts receivable | 25,255 |
| Other current assets | 12,508 |
| Deposits | 1,450 |
| Intangible assets | 676,000 |
| Accounts payable | (792) |
| Accrued expenses and other liabilities | (23,777) |
| Deferred revenue | (604,617) |
| Total identifiable net assets acquired | 152,190 |
| Goodwill | 3,467,580 |
| | $ 3,619,770 |

The Company engaged an independent valuation firm to assist with the valuation of intangible assets using the relief from royalty method.

Contingent consideration in the amount of $594,240 was recognized at the date of acquisition and is included in the balance sheet within the accrued expenses line item at December 31, 2022. The contingent consideration is based on annual royalties for the 12 months ended December 31, 2022 multiplied by an agreed upon rate. The contingent consideration was settled for approximately $492,000 and goodwill was adjusted for approximately $102,000 in 2023.

Transaction expenses of approximately $404,000 were incurred as a result of the business combination and have been expensed by the Company and included in the consolidated statement of operations within the transaction expenses line item for the year ended December 31, 2022

Of the $676,000 of identified intangible assets, $295,000 was assigned to franchise agreements and $381,000 was assigned to trade name. Each were determined to have useful lives of 10 years and 14 years, respectively. The weighted-average useful life in years for the identified intangible assets in aggregate was 12.25 years. Franchise agreements and trade names were valued using the multiperiod excess earnings method and relief from royalty method, respectively.

**Brothers:** on November 22, 2023, the Company acquired Brothers and BG (collectively Brothers Gutters). Brothers Gutters includes a franchisor and the franchises provide services associated with gutter installation, repair and maintenance. In addition, one franchisee was acquired. As a result of the transaction, the Company gains penetration into this industry. The Company obtained control of the business by acquiring 100% of the membership interests of Brothers Gutters, therefore the acquisition was accounted for as a business combination. The results of this acquisition have been included in the financial statements since the date of the acquisition.

The acquisition was funded through cash contributions of equity.


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**Note 2. Acquisition of Businesses (Continued)**

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

The following table summarizes the consideration paid and the amounts of the assets acquired, and liabilities assumed at the date of acquisition:

| | |
|---|---|
| Consideration: | |
| Cash | $ 47,192,063 |
| 14,709 Class A shares of EHC Holding Company, LLC | 14,000,000 |
| Due from seller | (419,099) |
| Total purchase consideration | $ 60,772,964 |
| | |
| Fair value of identifiable assets acquired and liabilities assumed: | |
| Cash | $ 992,260 |
| Accounts receivable | 1,082,985 |
| Inventory | 47,089 |
| Prepaid assets | 108,930 |
| Fixed asset | 780,949 |
| Contract assets | 9,154,927 |
| Intangible assets | 27,157,000 |
| Right-of-use asset and other assets | 719,906 |
| Accounts payable | (497,365) |
| Accrued expenses and other | (458,242) |
| Lease liabilities | (628,435) |
| Contract liabilities | (12,077,451) |
| Total identifiable net assets acquired | 26,382,553 |
| Goodwill | 34,390,411 |
| | $ 60,772,964 |

The fair value of the 14,709 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

The primary area of the preliminary valuation that is not yet finalized relates to the on-going negotiation with the Company and the seller on the working capital adjustment. An estimate of $419,099 was recorded at December 31, 2023.

Transaction expenses of approximately $1,579,000 were incurred as a result of the business combination and have been expensed by the Company and included in the statement of operations within the transaction expenses line item for the year ended December 31, 2023.

Of the $27,157,000 of identified intangible assets, $21,578,000 was assigned to franchise agreements and $5,579,000 was assigned to trade name. Each were determined to have useful lives of 10 years and 14 years, respectively. The weighted-average useful life in years for the identified intangible assets in aggregate was 10.8 years. Franchise agreements and trade names were valued using the multi-period excess earnings method and relief from royalty method, respectively.


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### Note 3. Property and Equipment

Property and equipment is summarized as follows:

| | 2023 | 2022 |
|---|---|---|
| Furniture and fixtures | $ 386,373 | $ 2,367 |
| Computer equipment and software | 1,450,561 | - |
| Equipment | 50,890 | - |
| Leasehold improvements | 250,564 | - |
| Total property and equipment | 2,138,388 | 2,367 |
| Less accumulated depreciation and amortization | (98,734) | (696) |
| Property and equipment, net | $ 2,039,654 | $ 1,671 |

### Note 4. Intangible Assets and Goodwill

Following is a summary of intangible assets:

| | December 31, 2023 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Franchise agreements | $ 24,937,000 | $ 711,414 | $ 24,225,586 |
| Trade names | 7,126,000 | 248,785 | 6,877,215 |
| Developed technology | 482,512 | 128,614 | 353,898 |
| | $ 32,545,512 | $ 1,088,813 | $ 31,456,699 |
| Goodwill | $ 51,475,640 | $ 2,822,649 | $ 48,652,991 |

| | December 31, 2022 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Franchise agreements | $ 3,359,000 | $ 139,043 | $ 3,219,957 |
| Trade names | 1,547,000 | 60,174 | 1,486,826 |
| Developed technology | 482,512 | 32,112 | 450,400 |
| | $ 5,388,512 | $ 231,329 | $ 5,157,183 |
| Goodwill | $ 17,187,323 | $ 737,245 | $ 16,450,078 |


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**Note 4. Intangible Assets and Goodwill (Continued)**

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

| | |
|---|---|
| Balance at December 31, 2021 | $ 2,602,433 |
| Additions of goodwill | 14,545,344 |
| Amortization expense | (697,699) |
| Balance at December 31, 2022 | $ 16,450,078 |
| Additions of goodwill | 34,390,411 |
| Reduction of contingent consideration | (102,094) |
| Amortization expense | (2,085,404) |
| Balance at December 31, 2023 | $ 48,652,991 |

Amortization expense recognized on intangible assets and goodwill totaled approximately $2,943,000 and $919,000 as of December 31, 2023 and 2022, respectively.

The future estimated aggregate amortization expense for intangibles and goodwill is as follows for each of the next five years ending December 31:

| | Goodwill | Intangibles |
|---|---|---|
| Years ending December 31: | | |
| 2024 | $ 5,147,564 | $ 3,275,574 |
| 2025 | 5,147,564 | 3,275,574 |
| 2026 | 5,147,564 | 3,275,574 |
| 2027 | 5,147,564 | 3,239,050 |
| 2028 | 5,147,564 | 3,152,671 |

**Note 5. Leases**

The Company leases three offices under operating lease agreements that have an initial term of 3 - 6 years. Some leases include one or more option to exercise renewal terms that can extend the lease term for more years, at the Company's sole discretion. In addition, some leases contain rights to terminate whereby those termination options are held by either the Company, the lessor, or both parties. These options to extend or terminate the lease are included in the lease terms only when it is reasonably certain that the Company will exercise that option. The Company's leases generally do not contain any material restrictive covenants.

Operating lease cost is recognized on a straight-line basis over the lease term. Lease expense is approximately $106,000 and $29,000 for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, weighted average remaining on lease term is 4.7 years and 3.8 years and the weighted average discount rate is 2.64% and 1.37%, respectively.


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**Note 5. Leases (Continued)**

Supplemental cash flow information related to leases is as follows for the years ended December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Operating leases: | | |
| Operating cash outflows—payments on operating leases | $ 91,762 | $ 30,150 |
| Right-of-use assets in exchange for new lease obligations: | | |
| Operating leases | $ 1,084,556 | $ - |

The future minimum rentals under this lease for the years subsequent to December 31, 2023, are as follows:

| | |
|---|---|
| Years ending December 31: | |
| 2024 | $ 222,245 |
| 2025 | 230,942 |
| 2026 | 228,719 |
| 2027 | 203,733 |
| 2028 | 139,664 |
| Thereafter | 53,632 |
| Total lease payments | 1,078,935 |
| Less imputed interest | (46,741) |
| Total present value of lease liabilities | $ 1,032,194 |

**Note 6. Related-Party Transactions**

A company related to the Company's majority member, charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in general and administrative expenses on the accompanying consolidated statements of operations. The total expense for the years ended December 31, 2023 and 2022, is approximately $568,000 and $500,000, respectively.


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### Note 7. Members' Equity

Members' equity consisted of the following membership units:

| | 2023 | |
|---|---|---|
| | Units Authorized | Units Issued and Outstanding |
| Class A Units | 1,000,000 | 109,546 |
| Class B Units | 1,000,000 | 1,661 |

| | 2022 | |
|---|---|---|
| | Units Authorized | Units Issued and Outstanding |
| Class A Units | 1,000,000 | 39,316 |
| Class B Units | 1,000,000 | 823 |

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 deferred units 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 units substantially vest upon a change in control of the Company, if still employed.

The Company has issued 2,062 and 823 units to certain management employees as of December 31, 2023 and 2022 and had 1,224 units forfeited as of December 31, 2023.

No compensation expense is recognized on the Class B units as their vesting condition is not considered probable until a change in control occurs.

### Note 8. Phantom Stock

During 2023, the Company adopted a phantom deferred unit plan. Each share of phantom deferred unit awarded to eligible individuals represents a contractual right to receive an amount in cash equal to the fair value of the unit upon the occurrence of a significant sale. The Company has authorized 1,000,000 units and 3,286 units are outstanding at December 31, 2023. No compensation expense is recognized on the phantom stock deferred units as their vesting condition is not considered probable until a significant sale occurs.


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**EXHIBIT "E"-1**

**TO DISCLOSURE DOCUMENT**

## GUARANTY OF PERFORMANCE

*[See attached]*


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**GUARANTEE OF PERFORMANCE**

**For value received, EHC Holding Company, LLC, a Delaware limited liability company (the "Guarantor"), located at 630 Fifth Avenue, Suite 400, New York, NY 10111, absolutely and unconditionally guarantees to assume the duties and obligations of B & P Burke, LLC, a California limited liability company, located at 8100 E. Indian School Road, Suite 201, Scottsdale, Arizona 85251 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.**

**The Guarantor signs this guarantee at Scottsdale, Arizona on the 20th day of April, 2026.**

**Guarantor:**

**EHC Holding Company, LLC**

**By:** _____

**Gregory R. Esgar, CFO**


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**EXHIBIT "F"**

**TO DISCLOSURE DOCUMENT**

## OPERATING MANUAL TABLE OF CONTENTS

*[See attached]*


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# Grasons Franchise Operations Manual
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## EXHIBIT "G"

## TO DISCLOSURE DOCUMENT

## LIST OF FRANCHISEES

**Part A (Current Franchisees)**

The following table lists our franchisees that were open as of December 31, 2025.

| FRANCHISEES OPEN AS OF DECEMBER 31, 2025 | | | | |
|---|---|---|---|---|
| **State** | **City** | **Address** | **Phone** | **Owner Name(s)** |
| Arizona | Bullhead | 1891 Riviera Blvd<br>Bullhead, Arizona 86442 | 928-542-6975 | Mathew Hutchinson |
| Arizona | Higley | 3324 E Ray Rd. Box 1833 | 480-719-5661 | Angelica Olea |
| Arizona | Mesa | 561 N. Canfield Rd. | 480-719-5661 | Angelica Olea |
| Arizona | Scottsdale | 15657 N Hayden Road 1278 | 480-952-7609 | David Del Monaco |
| Arizona | Scottsdale | 15657 N Hayden Rd #1278 | 602-834-4417 | David Del Monaco |
| Arizona | Scottsdale | 1487 McCulloch Blvd S. | 909-288-2881 | David Del Monaco |
| Arizona | Sun City | 9915 W. Belle Rd PMB #183 | 480-299-7637 | Steven Mosley |
| Arizona | Tucson | 9420 E. Golf Links Rd. Ste 108 #275 | 520-328-4386 | Joe & Marci Natale |
| California | Alameda County | Almeda 4696 Denker Dr. | 510-447-0723 | Anthony Yeomen<br>Jennifer Zaragoza |
| California | Beach Cities | 2901 W. Coast HWY #200 | 714-300-9987 | Simone Kelly |
| California | City of Angels | 16350 Ventura Blvd., Suite D #183 | 310-824-3360 | Boni Wish |
| California | Coachella Valley | 1440 Beaumont Ave. #A2-365 | 909-488-2443 | Andrew Rusi<br>Eleisha Rusi |
| California | Contra Costa County | 1839 Ygnacio Valley Road, #194 | 925-565-9056 | Raquel Reyes |
| California | Diamond Bar | 1142 S. Diamond Bar Blvd., #844 | 909-288-2881 | David Del Monaco |
| California | Elite South OC | 675 North Euclid Street Suit 284 | 949-838-7703 | Vincent Stirone |
| California | Estate Specialists | 12523 Limonite Ave, Unit #440-314 | 909-208-5398 | Anna Williams |
| California | Integrity | 18627 Brookhurst St, Unit# 525 | 714-561-8299 | Melissa Arellano |
| California | LA Valley | 13502 Whittier Blvd Suite H241 | 626-861-5830 | Richard Garcia |
| California | Long Beach Metro | 24881 Alicia Pkwy, Suite El 11 | 949-690-2219 | Vincent Stirone |
| California | Newport Beach | 2901 W. Coast HWY #200 | 714-300-9987 | Simone Kelly |
| California | North OC | 2201 N Lakewood Blvd, Suite D #695 | 949-690-2219 | Vincent Stirone |
| California | North San Diego | 300 Carlsbad Village Dr., #108-A-21 | 949-838-7702 | Nicholas Wilder |
| California | Premier | 38713 Tierra Subida Ave, Unit #131 | 310-819-0757 | William Nelson<br>Shalana Nelson |
| California | Prestige | 530 S Lake Avenue, Unit #776 | 818-634-6117 | Boni Wish<br>Niloufar Hersel |


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| FRANCHISEES OPEN AS OF DECEMBER 31, 2025 | | | | |
|---|---|---|---|---|
| **State** | **City** | **Address** | **Phone** | **Owner Name(s)** |
| California | PV-Carson | 552 E. Carson Street | 310- 997-0212 | Rhonda Williams |
| California | Sacramento | 5716 Folsom Blvd., Suite #208 | 209-424-2499 | Robert DeSomber |
| California | Sacramento | 5716 Folsom Blvd., Suite #208 | 209-424-2499 | Robert DeSomber |
| California | San Joaquin County | 5716 Folsom Blvd., Suite #208 | 209-424-2499 | Robert DeSomber |
| California | Select Central Coast | 133 E. De la Guerra #34 | 805-722-5748 | Anthony Aguilar<br>Charlene Aguilar |
| California | Solano Marin | 836 Southampton Rd Unit #B322 | 707-771-4884 | Deanna Reynolds |
| California | South Bay Beachside | 2785 PCH Suite #E | 310- 997-0966 | Kelly Charlshe |
| California | South Riverside | 26100 Newport Road Al2, Suite #115 | 951-202-4539 | Ron Combado<br>Patricia Pastilli |
| California | South San Diego | 1041 Market Street, Unit #179 | 760-587-6692 | Nick Wilder<br>Marcus McMillan |
| California | Stanislaus County | 2100 Standiford Ave #E12 Suite 205 | 209-405-9944 | Robert DeSomber |
| California | Ventura County | 2390-C Las Posas Road, Suite #205 | 424-346-4080 | Fernanda Salgado<br>Giuliana Salgado |
| Colorado | Boulder | 960 Marble St, Broomfield, Colorado, | 585-820-6900 | Joe DiPietro<br>Nathan Dreessen |
| Colorado | Lakewood | 960 Marble St, Broomfield, Colorado, | 585-820-6900 | Joe DiPietro<br>Nathan Dreessen |
| Colorado | Littleton | 6698 S. Iris PO Box 620153 | 303-250-0000 | Marc Agins<br>Jalena Agins |
| Colorado | Littleton | 6698 S. Iris PO Box 620153 | 303-250-0000 | Marc Agins<br>Jalena Agins |
| Colorado | Southeast Aurora | 7549 S. Gold Bug Court | 913-424-8076 | Jeff Jachowicz |
| Florida | North Palm Beach | 11231 US Hwy 1 PMB 259 | 561-768-4776 | Melissa Wiegand |
| Florida | Northeast Orlando | 608 Cedar Forest Circle | 407-267-3015 | Dawn Williams |
| Florida | St. Augustine | 100 Island Cottage Way #200 | 949-698-2428 | Victor Burke |
| Georgia | Alpharetta | 6937 Cinnamon Loop | 470-877-4277 | Tracey Austin |
| Georgia | Columbus | 6937 Cinnamon Loop | 470-877-4277 | Tracey Austin |
| Georgia | Duluth | 3780 Old Norcross Rd, Ste 103 PMB 543 | 678-249-9097 | Crump Brian |
| Georgia | Norcross | 3780 Old Norcross Rd, Ste 103 PMB 543 | 678-249-9097 | Brian Crump |
| Illinois | Chicago | 4610 N. Clark St. #1221 | 773-458-0187 | Michelle Fienup |
| Illinois | Northbrook | 3553 ½ W. Irving Park Road | 773-500-5171 | Raymond Funnye |
| Indiana | Indianapolis | 8206 Rockville Road #262 | 317-512-9841 | Wesley Hunter |
| Michigan | Michigan | 3050 Union Lake Road | 248-222-9911 | Denise Perrone |


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| FRANCHISEES OPEN AS OF DECEMBER 31, 2025 | | | | |
|---|---|---|---|---|
| **State** | **City** | **Address** | **Phone** | **Owner Name(s)** |
| Minnesota | Dakota County | 7635 148th ST Suite 323 | 651-243-0245 | Mike Harms |
| Minnesota | Northeast 7-County Metro | 1618 S 115th Ct #305 | 612-578-6872 | Laurie Miller |
| Nevada | Reno | 59 Damonte Ranch Pkway Ste B Box 257 | 775-332-3979 | Jason Weiss |
| New Jersey | Morristown | 55 Madison Ave Ste 400 | 973-937-6045 | Christian Campbell |
| New York | Rochester | 75 Smith Rd | 585-353-0933 | Mark Cataldo |
| Ohio | Canton | 4786 Dressler Rd NW #187 | 330-322-7983 | Kelley Dario |
| Tennessee | Clarksville | 353 Oak Plains Rd | 360-223-2727 | Jessica Curri & Jonathan Curri |
| Tennessee | Nashville 1 | 2601 Hillsboro Pike, L1 | 615-967-8773 | Lynn Dorton |
| Tennessee | Nashville 2 | 2601 Hillsboro Pike, L1 | 615-967-8773 | Lynn Dorton |
| Tennessee | Nashville 3 | 2601 Hillsboro Pike, L1 | 615-967-8773 | Lynn Dorton |
| Washington | Bellevue | 1400 112th Ave. S.E. Suite 100 | 425-269-5192 | Cathy Abrena<br>Victoria Law |
| Washington | Mount Vernon | PO Box 852 | 425-269-5192 | Cathy Abrean<br>Victoria Law |
| Wisconsin | Lake Geneva-Racine | 212 4th Street | 262-445-0379 | Scott Geary |
| Wisconsin | Milwaukee | 1618S. 115th Ct #305 | 262-249-6758 | Greg Glaeser |

***** In some cases, franchisees who have purchased multiple territories (each under a separate Franchise Agreement) operate them from the same designated office location. Each territory is counted as a separate "outlet" for purposes of Item 19 and Item 20 of this Disclosure Document.

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2025.

| FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2025 | | | | |
|---|---|---|---|---|
| **State** | **City** | **Address** | **Phone** | **Owner Name(s)** |
| Florida | Tampa | 910 Seaboard Place<br>Tampa, Florida 33602 | 850-545-4969 | Geno Kirkland |


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**<u>Part B</u> (Former Franchisees Who Left System During Prior Fiscal Year**

| State | City | Current Business Phone or Last Known Home Phone | Owner Name(s) |
|---|---|---|---|
| Arizona | Phoenix | 480-885-0912 | Rachel Jenkins |
| Ohio | Copley | 303-681-3398 | Keith Traylor |
| Pennsylvania | Bensalem | 257-598-0797 | Troy Sprinkle |
| Texas | Frisco | 972-357-5200 | Lisa Henson |
| Texas [1] | Lufkin | 936-240-9449 | Daniella Kadlec<br>Richard Kadlec |
| Virginia | North Chesterfield | 804-270-8958 | Rebecca A. Nagle |

[1] This outlet was terminated in 2024.

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


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**EXHIBIT "H"**

**TO DISCLOSURE DOCUMENT**

**STATE ADDENDA TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

*[See attached]*


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF CALIFORNIA**

For franchises and franchisees subject to the California Franchise Investment Law, Cal. Corp. Code § 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the B & P BURKE, LLC Franchise Disclosure Document ("FDD"):

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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

Neither we nor any person or franchise broker identified 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 these persons from membership in that association or exchange.

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

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

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.

Regarding our website, www.grasons.com, please note the following:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov

Item 6 of the FDD is amended to disclose that the highest interest rate allowed in California is 10%.

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

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


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**ADDENDUM TO THE B & P BURKE, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF CALIFORNIA**

This Addendum amends the Franchise Agreement dated _____ (the "Agreement"), between B & P Burke, LLC, a California limited liability company ("B & P Burke") and _____
_____
("Franchisee").

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

Agreed to by:

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

B & P BURKE, LLC

By: _____
Name: _____
Title: _____
Date: _____


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF ILLINOIS**

For franchises and franchisee subject to the Illinois Franchise Disclosure Act of 1987 and the Illinois General Rules and Regulations under the Franchise Disclosure Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the B & P BURKE, LLC Franchise Disclosure Document.

Illinois law governs the Franchise Agreement.

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

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

No statement, questionnaire, or 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.


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## ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between B & P Burke, LLC, a California limited liability company ("B & P Burke") and _____, a _____ _____ ("Franchisee").

Illinois law governs the Franchise Agreement.

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

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

No statement, questionnaire, or 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.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| | B & P BURKE, LLC |
| By:_____ | By:_____ |
| Name: _____ | Name:_____ |
| Title:_____ | Title: _____ |
| Date:_____ | Date: _____ |


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF INDIANA**

For franchises and franchisees/developer subject to the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the B & P BURKE, LLC Franchise Disclosure Document ("FDD")

Item 8. Item 8 of the FDD is amended to include the following disclosure:

The Indiana Deceptive Franchise Practices Law, Ind. Code §23-2-2.7-1(4) prohibits provisions in a Franchise Agreement subject to the Law which allow the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee/developer does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee. To the extent that any provision of the Franchise Agreement conflicts with Indiana Law, Indiana Law will control.

The Indiana Deceptive Franchise Practices Law, Ind. Code§ 23-2-2.7-2(6) makes it unlawful for any franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee/developer does business, on account of, or in relation to, the transaction between the franchisee/developer and the other person, other than compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee/developer. To the extent that any of B & P BURKE, LLC's business practices conflicts with Indiana Law, Indiana Law will control.

Item 12. Item 12 of the FDD is amended to include the following disclosure:

Ind. Code § 23-2-2.7-1(2) prohibits any provision in the Agreement which allows B & P BURKE, LLC to establish a franchisor-owned outlet engaged in a substantially identical business to that of the Franchised Business within the Territory. Ind. Code § 23-2-2.7-2(4) prohibits any franchisor who has entered into any Franchise Agreement with a franchisee/developer who is either a resident of Indiana or a nonresident operating a franchise in Indiana from establishing a franchisor-owned outlet engaged in a substantially identical business to that of the Franchised Business within the Territory. To the extent that any provision of the Agreement or B & P BURKE, LLC's business practices conflict with Indiana law, Indiana law will control. This provision is not applicable where DMAs are granted.

Item 17. Item 17 of the FDD is amended to include the following disclosure:

To the extent you are required to execute a release in favor of B & P BURKE, LLC such release shall exclude liabilities arising under the Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-1.

Ind. Code §23-2-2.7-2(3) makes it unlawful for a franchisor to deny the surviving spouse, heirs, or estate of a deceased franchisee/developer the opportunity to participate in the ownership of the franchise under a valid Franchise Agreement for a reasonable time after the death of the franchisee/developer, provided that the surviving spouse, heirs or estate maintains all standards and obligations of the franchise. To the extent that the Franchise Agreement requires a surviving


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spouse, heirs or an estate representative to assume liability under the Franchise Agreement and to complete training, the Franchise Agreement has been amended in accordance with Indiana Law to provide that all such conditions must be met within 6 months of the franchisee/developer's date of death.

Ind. Code §23-2-2.7-1(10) prohibits any provision in the Agreement which limits litigation brought for breach of the Agreement in any manner whatsoever. To the extent that any provision of the Agreement conflicts with Indiana law, Indiana law will control.

The choice of law provision contained in the Franchise Agreement should not be considered a waiver of any right conferred upon you by the provisions of the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law with respect to the offer and sale of a franchise and the franchise relationship. Notwithstanding anything in this Agreement to the contrary, the Franchise Agreement shall be governed by the Indiana Franchise Disclosure Law IC § 23-2-2.5 and the Indiana Deceptive Franchise Practices Law IC § 23-2-2.7, under Ind. Code §23-2-2.7.

Indiana franchisees are allowed access to Indiana courts. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of Indiana with respect to any matter governed by the Indiana Deceptive Franchise Practices Law and Indiana Franchise Disclosure Law is void.

The post term covenant not to compete is limited to your non-exclusive area under the Franchise Agreement pursuant to Ind. Code §23-2-2.7-1(9).


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, MD Ann. Code art. 56, Sections 345-365D, the parties to the attached B & P Burke, LLC Franchise Agreement agree as follows:

1. Sections 3.2(vi) and 15.2(viii) of the Franchise Agreement will be supplemented by the addition of the following language to the end of those respective Sections:

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

2. Section 17.3(b) and 17.5 of the Franchise Agreement are supplemented by the addition of the following:

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

3. The Franchise Agreement shall be supplemented by addition of the following:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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

[Signature Page Follows]


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IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement in duplicate on the date first above written.

FRANCHISOR:

B & P BURKE, LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

[*if an individual:*]

_____
Name: _____
Date: _____

[*if an entity:*]

_____

By: _____
Name: _____
Title: _____
Date: _____


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF MARYLAND**

For franchises and franchisee subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of the B & P BURKE, LLC Franchise Disclosure Document:

Item 17.

The Franchise Agreement and Multi-Unit Agreement provide that B & P BURKE, LLC may terminate these Agreements, as applicable, if you voluntarily or involuntarily file for bankruptcy, as described in the "Summary of Cause Defined" (provision (h.)). This provision may not be enforceable under federal bankruptcy law.

Any general release signed as a condition to renewal, sale, assignment, or transfer of these Agreements shall not release Franchisor from any liability imposed by the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF MINNESOTA**

This Amendment shall pertain to franchises sold in the State of Minnesota and shall be for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

1. Minnesota law provides franchisee/developer with certain termination and nonrenewal rights. As of the date of this Agreement, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee/developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Franchise Agreement.

2. B & P BURKE, LLC will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

3. Sections 17.3 and 17.5 of the Franchise Agreement shall be supplemented by the following provision:

   Pursuant to Minn. Stat. Sec. 80C.21, this Paragraph shall not in any way abrogate or reduce any of your rights as provided in Minnesota Statutes, Chapter 80C, including but not limited to the right to submit matters to the jurisdiction of the courts of Minnesota.

4. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit B & P BURKE, LLC 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 Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. To the extent you are required to execute a general release in favor of B & P BURKE, LLC, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. § 80C.01 *et seq*. as provided by Minn. Rule 2860.4400J.

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


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**1.** NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

| | |
|---|---|
| Franchisee /Date | Franchisor/Date |


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF MINNESOTA**

For franchises and franchisees subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the B & P BURKE, LLC Franchise Disclosure Document.

Item 13

B & P BURKE, LLC will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

Item 17

Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§ 80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. § 80.C.21 and Minn. Rule 2860.4400J prohibit B & P BURKE, LLC from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

To the extent you are required to execute a general release in favor of B & P BURKE, LLC, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq*. as provided by Minn. Rule 2860.4400J.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.


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**B & P BURKE, LLC**
**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF NEW YORK**

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**STATEMENT REQUIRED BY THE STATE OF NEW YORK**

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE/DEVELOPER TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.


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**ADDENDUM TO THE B & P BURKE, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of Article 33 of the General Business Law of the State of New York, the parties to the B & P BURKE, LLC Franchise Agreement agree as follows:

1. Sections 3.2(vi) and 15.2(viii) of the Franchise Agreement will be supplemented by adding the following language at the end of the Section:

   > provided, however, that all rights enjoyed by Franchisee and any causes of action arising in franchisee's 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 provision that the nonwaiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied;

2. Section 18.8 of the Franchise Agreement shall be supplemented by the addition of the following language at the end of the Section:

   > However, the foregoing choice of law shall not be considered a waiver of any right conferred upon franchisee by the provisions of Article 33 of the General Business Law of the State of New York.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the General Business Law of the State of New York, Sections 680-695, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement and Multi-Unit Agreement in duplicate on the date indicated below.

_____ _____

Franchisee/Date Franchisor/Date


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**ADDENDUM TO B & P BURKE, LLC'S**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.2 the Franchise Disclosure Document for B & P BURKE, LLC for use in the State of New York shall be amended as follows:

1. Item 3 shall be supplemented by the following:

Neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark 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. In addition, neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark has any pending actions against them, 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.

Neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark 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.

Neither we, our predecessor, any person identified in Item 2 or an affiliate offering franchises under our principal trademark 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.


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2. Item 4 shall be supplemented by the following:

   During the 10-year period immediately before the application for registration, neither we nor our affiliate, any predecessor, current officers or general partner has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after our officer or general partner held this position in the company or partnership.

3. Item 5 shall be supplemented by the following:

   We use the initial franchise fee to defray our costs of offering franchises and assisting franchisees to start business. A portion of the initial franchise fee may be profit to us.

4. Item 17, the Summary Column opposite Provision D, shall be amended to also state the following:

   The franchisee may terminate the agreement on any grounds available by law.

5. Item 17, the Summary Column opposite Provision J, shall be amended to also state the following:

   However, no assignment will be made except to an assignee, who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the multi-unit option or franchise agreement.

6. Item 17, the Summary Column opposite Provision W, shall be amended to also state the following:

   The foregoing Choice of Law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by the General Business Law of the State of New York, Article 33.

_____ _____

Franchisee/Date Franchisor/Date


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**STATE SPECIFIC ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE AGREEMENT**

**AS REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary set forth in the B & P Burke, LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all *Grasons* franchises offered and sold in the state of North Dakota:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your *Grasons* franchised business will be operated in North Dakota.

1. Section 3.2 of the Franchise Agreement is hereby amended by the addition of the following language that appears therein:

   Provisions requiring North Dakota franchisees to sign a general release upon renewal of the franchise agreement are not enforceable in North Dakota.

2. Section 13.2 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

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

3. Section 17.5 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

   The provision requires that the franchisee consent to the jurisdiction of courts where Franchisor's headquarters is then located. This requirement is deleted from all Franchise Agreements used in the State of North Dakota.

4. Section 18.8 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

   For North Dakota Franchisees, North Dakota law shall apply.

5. Section 17.3 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

   For North Dakota franchises, arbitration will be agreeable to all parties and may not be remote from the franchisee's place of business.

6. Section 17.3B of the Franchise Agreement is hereby amended as follows:

   Section 17.3.B of the Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The provision shall be changed to read the statute of limitations under North Dakota Law will apply.

7. Section 17.3(e) of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:


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Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.

8. Section 17.4 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.

9. Section 17.7 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Section 17.7 of the Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The provision shall be changed to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

**FRANCHISOR:**

B & P BURKE, LLC

By: _____
Title: _____
Signature: _____

**FRANCHISEE:**

By: _____
Title: _____
Signature: _____


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF NORTH DAKOTA**

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the B & P BURKE, LLC Franchise Disclosure Document ("FDD").

1. Item 17 is amended by the addition of the following language to the original language that appears therein:

(a) Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in North Dakota, except in certain instances as provided by law.

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

(c) Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(d) Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(e) Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(f) Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

(g) Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(h) Any provision in the Franchise Agreement requiring a franchisee to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(i) Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

[Signature Page Follows]

Agreed to by:


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FRANCHISEE:

_____

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

B & P BURKE, LLC

By: _____
Name: _____
Title: _____
Date: _____


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF RHODE ISLAND**

For franchises and franchisees subject to the Rhode Island Franchise Investment Protection Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the B & P BURKE, LLC Franchise Disclosure Document.

Item 17(v) of the Franchise Disclosure Document is hereby amended as follows:

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


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**RHODE ISLAND RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between B & P Burke, LLC, a California limited liability company ("B & P Burke") and__, a ____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

B & P BURKE, LLC

By: _____
Name: _____
Title: _____
Date: _____


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF SOUTH DAKOTA**

Neither B & P BURKE, LLC, nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the 10-year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

We may not terminate the Franchise Agreement for a breach, for failure to meet performance and quality standards and/or for failure to make royalty payments unless you receive thirty (30) days prior written notice from us and you are provided with an opportunity to cure the defaults. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

The laws of the State of South Dakota will govern matters pertaining to franchise registration, employment, covenants not to compete, and other matters of local concern; but as to contractual and all other matters, the Franchise Agreement will be subject to the applications, construction, enforcement and interpretation under the governing law of Michigan.

Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

_____ _____

Franchisee/Date Franchisor/Date


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

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

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

   Under 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 and Multi-Unit Agreements does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

3. Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.


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**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

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

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

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

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

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

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

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

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

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

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

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise


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agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

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

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

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

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

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

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

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

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

19. Sections 18.16 and 18.17 of the Franchise Agreement do not apply in Washington.


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20. The Brand Protection Agreement, which is attached to the Franchise Agreement as Exhibit C, is hereby amended to delete the following language from Section 8:

    **"YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE."**

21. 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.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

| | |
|---|---|
| _____ | |
| _____ | |
| Signature of Franchisor Representative | Signature of Franchisee Representative |
| _____ | _____ |
| Title of Franchisor Representative | Title of Franchisee Representative |

*[Signature Page Follows]*


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Agreed to by:

**FRANCHISOR:**

B & P BURKE, LLC

By: _____
Name: _____
Title: _____

**FRANCHISEE:**

By: _____
Title: _____
Signature: _____


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**ADDENDUM TO B & P BURKE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document and the Franchise Agreement are amended accordingly.


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**ADDENDUM TO THE B & P BURKE, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF WISCONSIN**

This Addendum amends the Franchise Agreement dated _____ (the "Agreement"), between B & P Burke, LLC, a California limited liability company ("B & P Burke") and _____ ("Franchisee").

1. The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement (if applicable) if such provision is in conflict with that law. The Franchise Agreement and the Supplemental Agreements are amended accordingly.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| | B & P BURKE, LLC |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |


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**EXHIBIT "I"**

**TO DISCLOSURE DOCUMENT**

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, 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 | _____, 2026 |
| Hawaii | |
| Illinois | _____, 2026 |
| Indiana | May 2, 2026 (amended _____, 2026) |
| Maryland | _____, 2026 |
| Michigan | November 5, 2025 (amended May 18, 2026) |
| Minnesota | _____, 2026 |
| New York | _____, 2026 |
| North Dakota | _____, 2026 |
| Rhode Island | _____, 2026 |
| South Dakota | April 29, 2026 (amended May 18, 2026) |
| Virginia | _____, 2026 |
| Washington | _____, 2026 |
| Wisconsin | May 3, 2026 (amended _____, 2026) |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.


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**EXHIBIT "J"**

**TO DISCLOSURE DOCUMENT**

**RECEIPTS**

*[See Attached]*


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## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If B & P Burke, 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 you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If B & P Burke, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Simone Kelly | 18281 Gothard St., Suite 203<br>Huntington Beach, CA 92648 | (714) 846-3800 |
| Jason Wiedder | 8100 E. Indian School Road, Suite 201<br>Scottsdale, AZ 85251 | (800) 267-7816 |

Issuance Date: April 20, 2026 (amended May 18, 2026)

I received a disclosure document that included the following Exhibits:

EXHIBIT "A" List of State Administrators and Agents for Service of Process
EXHIBIT "B" Agent for Service of Process
EXHIBIT "C" Franchise Agreement (with Guaranty and Non-Compete Agreement)
EXHIBIT "D" Form of General Release
EXHIBIT "E" Financial Statements
EXHIBIT "E"-1 Guarantee of Performance
EXHIBIT "F" Operating Manual Table of Contents
EXHIBIT "G" Current and Former Franchisees
EXHIBIT "H" State Addenda to Disclosure Document
EXHIBIT "I" State Effective Dates
EXHIBIT "J" Receipts

Signature:_____

Print Name:_____

Date Received:_____

**Keep This Copy For Your Records**
**B & P Burke, LLC**
**8100 E. Indian School Road, Suite 201**
**Scottsdale, Arizona 85251**


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## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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EXHIBIT "J" Receipts

Signature:_____

Print Name:_____

Date Received:_____

**Return this copy to us.**

**B & P Burke, LLC**
**8100 E. Indian School Road, Suite 201**
**Scottsdale, Arizona 85251**


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