

FRANCHISE DISCLOSURE DOCUMENT



GTN Capital Group LLC
A Connecticut Limited Liability Company
2542 Highlander Way,
Carrollton, Texas 75006
1-800-390-NERD

The franchise offered is for a business specializing in operating a technology sales, repair, and service business offering a wide variety of computer technology services and products primarily to residential computer users and small-to-medium-sized businesses. Technicians based in branded vehicles serve customers at their residences or places of business.

We offer two types of franchise locations. A new location (“New Location”) and a Conversion location (“Conversion Franchise”). A Conversion Franchise is an existing technology repair and service business that converts to a NerdsToGo business. In a New Location and Conversion Franchise, your business will be based out of a retail storefront location or office/industrial location.

The total investment necessary to begin operation of a New Location is \$133,333 to \$181,032. This includes \$72,208 to \$86,950 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of a Conversion Franchise is \$95,016 to \$142,261. This includes \$67,053 to \$80,186 that must be paid to the franchisor or its affiliates(s).

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(s) 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 Mark Jameson at GTN Capital Group, LLC, 2542 Highlander Way, Carrollton, Texas 75006, 214-346-5609 or mark.jameson@propelledbrands.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is

available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: May 1, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describe the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or 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 NerdsToGo 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 has been involved in material litigation or bankruptcy proceedings.
What's it like to be a NerdsToGo franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

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

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas 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. **Mandatory Minimum Payments.** You must make minimum royalty payments or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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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Exhibits

- A. State Administrators and Agents for Service of Process
 - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
 - C. Franchisor Required Lease Terms
 - D. Form of General Release
 - E. Financial Statements
 - E-1. Guarantee of Performance
 - F. Operating Manual Table of Contents
 - G. Current and Former Franchisees as of 12/31/2022
 - H. Conversion Promissory Note (Direct Financing)
 - I. State Addenda to Disclosure Document
 - J. State Addenda to Franchise Agreement
 - K. Information about Area Representatives
- State Effective Dates
- Receipt (2 copies)

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

In this disclosure document, “we,” “us,” or “our” refers to GTN Capital Group LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each franchise entity owner must sign our Guaranty and Non-Compete Agreement, which means that all the franchise agreement’s provisions also will apply to your owners. Our agents for service of process are listed in Exhibit A.

Us and our Parents.

Our name is GTN Capital Group LLC. We are a Connecticut limited liability company formed on November 4, 2015. Our principal business address is 2542 Highlander Way, Carrollton, Texas 75006. We use the names “GTN Capital Group LLC” and “NerdsToGo,” and we do not intend to use any other names to conduct business.

We have offered franchises for sale for this business since 2017, and we have never offered franchises in any other line of business. We do not operate businesses of the type being franchised and do not have any other business activities. Our affiliate, Nerds To Go, Inc., a Connecticut corporation (“NTG”), has operated a NerdsToGo business in Guilford, Connecticut, since 2003.

Under the terms of an Agreement and Plan of Merger dated September 9, 2020, More Than It, LLC, a Delaware limited liability company and an affiliate of Fastsigns Holdings, Inc. located at 2542 Highlander Way, Carrollton, TX 75006 merged with NTG. Simultaneously, Fastsigns Holdings, Inc. acquired all the issued and outstanding capital stock of NTG and outstanding membership interest in us. As a result of the merger and the sale of GTN Equity, we and More Than It, LLC are wholly-owned, indirect subsidiaries of Fastsigns Holdings, Inc. On December 28, 2021, Fastsigns Holdings, Inc. was renamed Propelled Brands Holdings, Inc. (“PBHI”) to reflect the multi-brand nature of the company. PBHI, a Delaware corporation with a principal place of business at 2542 Highlander Way, Carrollton, Texas 75006-2333, is our ultimate corporate parent. PBHI is an affiliate of LightBay Capital, a private equity firm located at 11601 Wilshire Boulevard, Suite 2150, Los Angeles, CA 90025, and Freeman Spogli & Co., a private equity firm located at 11100 Santa Monica Boulevard, Suite 1900, Los Angeles, CA 90025.

Our Affiliated Franchise Programs

Through common control with Propelled Brands Franchising, LLC (“Propelled Brands”), we are affiliated with the franchise programs listed below. None of these affiliates have offered franchises in any line of business other than as listed below, and none of them have conducted a business similar to the NerdsToGo franchise that you will operate:

Propelled Brands owns FASTSIGNS International, Inc., the franchisor of FASTSIGNS-branded businesses that specialize in selling, marketing, producing, installing, and repairing visual communications, including signs. FASTSIGNS International, Inc. is a Texas corporation located at c/o Propelled Brands, 2542 Highlander Way, Carrollton, TX 75006. FASTSIGNS International, Inc., has been the franchisor of FASTSIGNS centers since April 1986, and as of December 31,

2022, there were 677 franchised FASTSIGNS centers operating in the United States and 88 franchised centers operating internationally.

Propelled brands also owns Suite Management Franchising, LLC (“SMF”) and its affiliates. SMF is a Florida limited liability company located at 2542 Highlander Way, Carrollton, TX 75006 and is the franchisor for MY SALON SUITE and SALON PLAZA franchises, which offer (i) turnkey salon suite studios and related services in a luxury environment under to salon professionals where such salon professionals can provide health and beauty services to their respective clients (“My Salon Suite”); and (ii) turnkey salon suite studios and related services featuring upscale modern décor to salon professionals where such professionals can provide health and beauty services to their respective clients (“Salon Plaza”). As of December 31, 2022, there were 232 franchised and 32 company-owned and affiliate outlet My Salon Suite and Salon Plaza businesses in operation in the United States.

Since August 2018, LightBay Capital, through its affiliate, has owned The Boardroom Salon Company, LLC and KLPS, LLC, both of which are Texas limited liability companies located at 2271 E. Continental Blvd., Suite 100, Southlake, Texas 76092. KLPS is the franchisor for Boardroom Salon franchises. As of December 31, 2022, there were 6 franchised Boardroom Salons in operation in the United States.

Since July 2016, Freeman Spogli & Co., through its affiliate, has owned a majority interest in Batteries Plus, LLC, the franchisor for Batteries Plus Bulbs stores. On December 31, 2022, there were 610 franchised Batteries Plus Bulbs stores, 604 of which were in the United States and 6 in Puerto Rico. Batteries Plus Bulbs had 722 total stores as of December 31, 2022, including 112 company-owned and operated stores.

Our Predecessors

Our predecessor is Nerds To Go Franchise Corporation. Its principal business address is the same as ours. Nerds To Go Franchise Corporation has the same ownership as us and was the franchisor of NerdsToGo from March 2006 until December 2007.

Except as described above, we have no other parents, predecessors of affiliates that must be included in this Item.

Information about Our Business and the Franchises Offered

If you sign a franchise agreement with us, you will develop and operate a technology repair and service business under the trade name “NerdsToGo.” You will primarily provide service to customers at the customer’s business or home via mobile technicians in branded vehicles (which we recommend be vans and which are referred to in the Disclosure Document as “Branded Vehicles”). You must offer NerdAssure Managed Services (Remote Monitoring and Management “RMM”) to customers using our RMM product. NerdAssure will remotely monitor, manage, and support network devices, desktops, servers and mobile devices by means of locally installed agents. This allows us to be proactive in preventing problems, allows for local security protection, and remote backup. You will provide performance reports of the customer’s system. Your business will be based out of a retail storefront location or office/industrial location, and your

strategy will have a focus on business customers (B2B), residential customers (B2C), and walk-in customers who could be business or residential.

In addition, we may offer existing technology repair and service businesses the opportunity to convert to the NerdsToGo System (“Conversion Franchise” or Conversion Location”). The terms and conditions of the offer to you if you are a conversion franchisee (“Conversion Franchisee”) will differ in certain aspects from those described in this Disclosure Document (Exhibit “G” to the Franchise Agreement, Conversion Franchise Amendment).

We also offer an ‘executive model’ where you appoint an employee to operate the Location (the “Designated Manager”). Designated Managers must be pre-approved by us and successfully complete our initial training program. You will not be required to operate the day-to-day operations of the Location if you appoint a Designated Manager approved by us. We refer to NerdsToGo locations that appoint a Designated Manager as “Executive Locations.” All references to “New Locations” in this Disclosure Document include “Executive Locations” unless otherwise denoted.

In this Disclosure Document, we collectively refer to all NerdsToGo locations and Conversion Franchises as “NerdsToGo locations” unless otherwise indicated. We also collectively refer to the franchise agreement and the Conversion Amendment in this Disclosure Document as the “franchise agreement,” unless otherwise indicated. We refer to the NerdsToGo location that you will operate as the “Location” or “your Location.” Any references to “your principals” and “Managing Principals” include those persons as principals of a franchisee under a franchise agreement, unless the Disclosure Document states otherwise

You must devote your full business time to your Location. In addition to your efforts, you must begin your business with at least 1 full-time advanced Nerd technology expert (“Technology Expert”) and 1 Nerd technology specialist (“Technology Specialist”). We may require, at our discretion, that you hire a full-time sales representative. You will be required to begin your Location with at least one Branded Vehicle.

The general market for NerdsToGo locations is residential and commercial customers who need technology repair, maintenance, or support service for a wide range of technological devices. Our growth is attributed to our customer loyalty, and we continue to thrive because of repeat visits by our “regulars.” This market is highly developed. Sales are not seasonal.

Although the laws and regulations applicable to businesses generally will apply to your operation of a NerdsToGo business, we are not aware of any laws or regulations specific to our industry.

You will face competition from other computer repair businesses, and managed service providers including franchised and non-franchised national chains as well as independent computer repair and managed services businesses. The computer services market is highly developed in many states.

We have granted area representative rights to certain individuals and companies. An Area Representative acts as our representative (“Area Representative”) within a defined geographic area

to solicit prospective franchisees and provide support before, during and after a franchisee begins operations. We are not currently offering new Area Representative opportunities. If we were to begin offering the Area Representative Program (“Program”), the Program would not be offered as part of this disclosure document and would be offered under a separate franchise disclosure document. See Exhibit K for information regarding our Area Representatives.

Item 2
BUSINESS EXPERIENCE

Catherine Monson, CFE
Chief Executive Officer, President and Director

Ms. Monson has been affiliated with us since September 2020, and has served as our as Chief Executive Officer since that date. Ms. Monson is currently the Chief Executive Officer, President and Director of FASTSIGNS International, Inc. located in Carrollton, Texas, which she has been associated with since January 2009. Since June 2021, Ms. Monson has also been the Chief Executive Officer of Suite Management Franchising, LLC located in Carrollton, Texas. Since February 2008, Ms. Monson is on the Board of Directors and served as the Chair of the International Franchise Association. She is on the Board of Directors of the Big Blue Swim School, a swim school franchise, and on the Board of Directors for Brain Balance, a franchisor of a concept that has a non-drug alternative that helps children with ADHD and other behavioral disorders.

Mark Jameson, CFE
Chief Development Officer

Mr. Jameson has been affiliated with us since September 2020, and has served as our Chief Development Officer since October 2022. Mr. Jameson has also been the Chief Development Officer of our affiliates, Suite Management Franchising, LLC and FASTSIGNS International, Inc., each located in Carrollton, Texas, since October 2022. From September 2020 to October 2022, Mr. Jameson was our Chief Support and Development Officer. From September 2013 to August 2020, he was the Executive Vice President of Franchise Support and Development for our affiliate, FASTSIGNS International, Inc., located in Carrollton, Texas, which he has been associated with since November 2009.

Shayne Mehringer, CFE
Chief Information Officer

Mr. Mehringer has been affiliated with us since September 2020, and has served as our Chief Information Officer since that date. Since June 2021, Mr. Mehringer has also been the Chief Information Officer of our affiliate, Suite Management Franchising, LLC located in Carrollton, Texas. Mr. Mehringer is also the Chief Information Officer of our affiliate, FASTSIGNS International, Inc. located in Carrollton, Texas, which he has been associated with since August 2019. From November 2013 to July 2019, Mr. Mehringer was Chief Information Officer for Neighborly (formerly the Dwyer Group) located in Waco, Texas.

Jennifer Herskind
Chief Marketing Officer

Ms. Herskind has been affiliated with us since September 2020, and has served as our Chief Marketing Officer since that date. Since June 2021, Ms. Herskind has also been the Chief Marketing Officer of our affiliate, Suite Management Franchising, LLC located in Carrollton, Texas. Ms. Herskind is also the Chief Marketing Officer of our affiliate, FASTSIGNS International, Inc. located in Carrollton, Texas, which she has been associated with since September 2019. From March 2019 to August 2019, Ms. Herskind was a consulting Chief Marketing Officer. From July 2017 to February 2019, Ms. Herskind was Chief Marketing Officer for Smoothie King located in Dallas, Texas. From September 2011 to June 2017, Ms. Herskind was Vice President Marketing, Acquisition, and Engagement for Gold's Gym located in Dallas, Texas.

James Howe, CFE
Brand President

Mr. Howe has been affiliated with us since September 2020, and has served as our Brand President since August 2021. From September 2020 to July 2021, Mr. Howe was the Vice President of Franchise Support for GTN Capital Group, LLC located in Carrollton, Texas. From September 2013 to July 2021, Mr. Howe was Vice President of Franchise Support of FASTSIGNS International, Inc. located in Carrollton, Texas.

Russell Kruse
General Counsel

Mr. Kruse has been affiliated with us since April 2023, and has served as our General Counsel since that date. Since April 2023, Mr. Kruse has also served as the General Counsel of our affiliates Suite Management Franchising, LLC and FASTSIGNS International, Inc., each located in Carrollton, Texas. Prior to that, Mr. Kruse was the Chief Legal Officer of Premium Service Brands, LLC from February 2021 to April 2023, located in Charlottesville, Virginia. From January 2019 to February 2021, Mr. Kruse was a Partner at Royer Caramanis PLC in Charlottesville, Virginia. From August 2018 to December 2018, Mr. Kruse was an Associate Attorney at Tucker Griffin Barnes PC in Charlottesville, Virginia.

Scott Krupa, CFE
Vice President of Franchise Development

Mr. Krupa has been affiliated with us since September 2020, and served as our Vice President of Franchise Development since January 2022. Since April 2022, Mr. Krupa has also been Vice President of Franchising for our affiliate, Suite Management Franchising, LLC. From February 2021 to December 2021, Mr. Krupa was the Assistant Vice President of Franchising of FASTSIGNS International, Inc. located in Carrollton Texas which he has been associated with since March 2015.

Brian Kane
Senior Director of Technology Services

Mr. Kane has been affiliated with us since September 2020, and has served as our Senior Director of Technology Services since September 2020. Mr. Kane is currently the Principal of Xiocore LLC, which he has been associated with since February 2020. From July 2020 to August 2020, Mr. Kane was Chief Technology Officer for NerdsToGo, Inc. located in Guilford, CT. From May 2017 to February 2020, Mr. Kane was Vice President of Technology for a national computer reseller organization, Safari Micro, Inc. located in Chandler, Arizona. From March 2015 to May 2017, Mr. Kane was Director of Technology for a Team Logic IT franchise location located in Phoenix, Arizona.

Stephanie Brooks
Senior Director of Legal

Ms. Brooks has been affiliated with us since September 2020, and has served as our Senior Director of Legal since that date. Since June 2021, Ms. Brooks has also been the Senior Director of Legal for Suite Management Franchising, LLC located in Carrollton, Texas. Ms. Brooks is currently the Senior Director of Legal for FASTSIGNS International, Inc. located in Carrollton, Texas, which she has been associated with August 1991. Ms. Brooks was a Sr. Paralegal for the Legal and Franchise Department of Pearle Vision, Inc. located in Dallas, Texas.

Holland Burton
Senior Director of Development Services

Ms. Burton has been affiliated with us since February 2021, and has served as our Senior Director of Development Services since that date. Since April 2022, Ms. Burton has also been the Senior Director of Development Services for Suite Management Franchising, LLC located in Carrollton, Texas. Ms. Burton is currently the Senior Director of Development Services for FASTSIGNS International, Inc. located Carrollton, Texas, which she has been associated with since February 2021. From March 2015 to January 2021, Ms. Burton was the Vice President of Real Estate of Corner Bakery Café located in Dallas, Texas. From September 2008 to March 2015, Ms. Burton was the Sr. Director of Real Estate of LeDuff America located in Dallas, Texas.

Lisa Becraft, CFE
Director of Franchise Development and Sales Administration

Ms. Becraft has been affiliated with us since September 2020, and has served as our Director of Franchise Development and Sales Administration since that date. Since April 2022, Ms. Becraft has also been the Director of Franchise Development and Sales Administration. Ms. Becraft is currently the Director of Franchise Development and Sales Administration of FASTSIGNS International, Inc. located in Carrollton, Texas, which she has been associated with since July 2014. From July 2012 to June 2014, Ms. Becraft was Director of Business Development for Insight Merchandising, Inc. located in Grapevine, Texas. From January 2010 to June 2012, Ms. Becraft was a National Account Executive for The Nu-Era Group located in St. Louis, Missouri.

Carol Dunne
Director of Marketing Strategy

Ms. Dunne has been affiliated with us since February 2021, and has served as our Director of Marketing Strategy since that date. From June 2020 to January 2021, Ms. Dunne was a Marketing Strategy Consultant located in Irving, Texas. From July 2018 to May 2020, Ms. Dunne was Senior Director of Marketing for CEC Entertainment (Chuck E. Cheese) located in Irving, Texas. From December 2009 to May 2018, Ms. Dunne was Vice President of Brand Marketing of LaQuinta Inns & Suites located in Irving, Texas.

Gina Santiago
Learning and Development Manager

Ms. Santiago has been affiliated with us since January 2023, and has served as our Learning and Development Manager since that time. Since January 2020, Ms. Santiago has also managed and co-owned a franchised NerdsToGo location in Bellevue, Washington. Since July 2018, Ms. Santiago has also owned her own consulting business, Summit Connections, LLC located in Issaquah, Washington.

John Butler
Director of Information of Technology Operations

Mr. Butler has been affiliated with us since September 2020, and has served as our Director of Information of Technology Operations since that time. Since June 2020, Mr. Butler has also served as our affiliate, FASTSIGNS International Inc.'s, Director of Information Technology Operations. From December 2017 to May 2020, Mr. Butler was FASTSIGNS International Inc.'s Director of Information Technology Support and Governance.

Tracy Lake
Director of Events

Ms. Lake has been affiliated with us since September 2020, and has served as our Director of Events since that time. She has also served as the Director of Events for our affiliate, FASTSIGNS International, Inc. since February 2017.

Lana Daley
Director of Resales and Transfers

Ms. Daley has been our Director of Resales and Transfers since September 2021. She has also served in the same role for our affiliate, FASTSIGNS International, Inc. since September 2021, and our affiliate, Suite Management Franchising, since April 2022. From March 2020 to August 2021, Ms. Daley served as FASTSIGNS International's Resales and Transfers Manager. Ms. Daley previously worked with FASTSIGNS from 2002 to 2013 in various roles on the Operations and Sales Development teams.

Item 3
LITIGATION

There is no litigation to be disclosed in this Item.

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Item 4
BANKRUPTCY

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

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Item 5

INITIAL FEES

Initial Franchise Fee

When you sign your franchise agreement, you must pay us \$49,750 as the initial franchise fee for your Location (including if you purchase a Conversion Franchise). The initial franchise fee is the same for all franchisees under this offering, except as described below. The initial franchise fee is non-refundable. The initial franchise fee if you establish an additional NerdsToGo after your first Location is \$24,875.

We are a member of the International Franchise Association (“IFA”) and participate in the IFA’s VetFran Program. We offer a reduced initial franchise fee of \$24,875 to veterans of the U.S. Armed Forces who meet the requirements of the VetFran Program, a 50% discount.

We offer a reduced initial franchise fee of \$24,875 to first responders, a 50% discount. A first responder is a person with specialized training who is among the first to arrive and provide assistance at the scene of an emergency, such as an accident, natural disaster, or other catastrophic events. First responders include paramedics, emergency medical technicians, police officers, sheriffs, and firefighters (“First Responder”).

Marketing Introduction Plan

You must pay us a marketing introduction plan fee of \$14,500 if your Location is a New Location or \$10,500 if your Location is a Conversion Franchise, prior to registering for the initial training program, which we will use to conduct local marketing before you open and over the course of the first 4-to-6 months of operation.

Opening Package of Supplies and Equipment

Before you open your Location, if you purchase certain items from us, you will be required to pay us between \$7,458 and \$22,200 if your Location is a New Location or between \$6,303 and \$19,436 if your Location is a Conversion Franchise, for vehicle graphics, furniture, fixtures, cabinetry, displays, and signage.

Design Fee

Before you open your Location, you must pay us a non-refundable fee of \$500 for a preliminary space plan drawing for the Location. The design plan drawings do not include electrical, plumbing, mechanical engineering services, Title 24 or other requirements of the applicable state or municipality, and the plans are not sealed by an architect. These plans are for informational purposes only, and not for permitting.

**Item 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	You will pay 4% of your Gross Service/Software Sales and 1% of your Gross Product Sales to us for your first 12 months of operation. Beginning your 13th month of operation through the end of the term of the franchise agreement you will pay us the greater of \$1,000 or 8% of Gross Service/Software Sales and 2% of Gross Product Sales.	You will report monthly Gross Sales of the Location to us by the 5th day of the following month. The royalty fee is immediately due thereafter.	See notes 1, 2 and 3.
Marketing Fund Contribution	You will pay 1% of your Gross Service/Software Sales and Gross Product Sales to us for your first 12 months of operation. Beginning your 13th month of operation, through the end of the term of the franchise agreement you will pay 2% of your Gross Service/Software Sales and Gross Product Sales.	You will report monthly Gross Sales of the Location to us by the 5th day of the following month. The marketing fund contribution is immediately due	We administer the Marketing Fund. We will reduce the amount of your local advertising requirement by the amount of your Marketing Fund Contribution. See note 6.
Technology Fee	Currently, \$175 per month	Monthly, on the 5th of each month	The technology fee is for use of our “NerdNet” proprietary operations portal, including 4 email addresses and 1 professional services automation software site license (up to 4 users per site). You may purchase licenses for additional users for a fee of \$35 per license. We may modify NerdNet and its functionality in the future. We can increase the technology fee in our reasonable discretion. We will provide you with 180 days’ prior written notice before we increase the technology fee. See note 4.
Website Services	At least \$250 per month	Monthly	See note 4.
Nerd Assure Managed Services Fees for RMM	RMM fee is \$6 per device per month.	Monthly	You must maintain the managed services, specifically, a minimum of 5 RMM device

			licenses to have available for internal use and testing. See note 5.
Marketing Introduction Plan and Promotional Materials for a sale of an existing business to a third-party buyer	\$10,500	Upon signing of the franchise agreement	These monies fund the marketing introduction plan including web marketing direct marketing, telemarketing campaigns, and virtual sales assistant customer prospecting email campaigns, local digital advertising including Pay-Per-Click advertising, and other programs during the first 3 to 4 months upon your taking possession of the Location. See note 6.
Replacement or additional training fee	Currently, \$600 per day	Prior to attending training	The franchise fee covers our training programs for you, 1 Nerd Technology Expert, and 1 Nerd Specialist. We may charge a reasonable fee for training of additional and/or subsequent employees. If in our judgment any trainee fails to successfully complete any part of the training program the trainee must repeat that portion of the training program until successful completion of all portions, at your expense, including the payment to us of \$600 per day of such additional training. You are responsible for arranging and paying the expenses for transportation, meals and lodging for you and the others while attending the training program.
Design Fee	Currently, \$500	Within 15 days of invoice	If you relocate your Location, you will be required to pay us a Design Fee for the cost to complete a preliminary space plan drawing for the relocated Location.
Non-compliance fee	\$1,000	On demand	We may charge you \$1,000 for any non-compliance with our system specifications or your franchise agreement. If such non-compliance is ongoing, we may charge you \$250 per week until you cease such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	\$250 plus interest on the unpaid amount at a rate equal to 1.5% per month or the highest commercial contract interest rate the law allows, whichever is less	On demand	We may charge a late fee if you fail to make a required payment when due.

Failure to report sales	\$250 per week	On demand	We may charge this fee if you fail to report monthly Gross Sales
Insufficient funds fee	\$100 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing on-site support).
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported Gross Sales by more than 3% for any 4-week period.
Inspection fee	Currently \$600, plus our out-of- pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Renewal Fee	15% of the then- current initial franchise fee.	On signing the renewal franchise agreement.	You must give us no more than 365 days and no less than 240 days' notice; sign the then- current franchise agreement and comply with other conditions we require (see Item 17).

Transfer fee	\$17,500 plus any broker fees and other out-of-pocket costs incurred by us	When transfer occurs	Payable if you sell your Location “resale” (other than for estate planning purposes or to a spouse, sibling, or child). See note 7.
Resale Consulting Fee ⁽³⁾	\$5,000	50% on signing Resale Services Consulting Agreement and 50% paid at closing.	You may request that we assist you in selling your Location.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your Location (unless caused by our misconduct or negligence).
Prevailing party’s legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party’s attorney fees, court costs and other expenses.
Early Termination Damages	Amount varies.	30 days after early termination of franchise agreement.	See note 8

All fees are payable only to us (except the Website Services). All fees are imposed by us and collected by us (except the Website Services). All fees are non-refundable. All fees are uniform for all franchisees, although we may change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. “Gross Sales” is defined in the franchise agreement as the total dollar amount of all sales generated through your Location for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, or (iii) sale of used equipment not in the ordinary course of business.

“Gross Product Sales” means all Gross Sales of physical products.

“Gross Service/Software Sales” means all Gross Sales of services or software and includes all sales which are not categorized as Gross Product Sales.

Under the franchise agreement, you will pay us a reduced royalty fee of 4% of your Gross Service/Software Sales and 1% of your Gross Product Sales (“Reduced Royalty Fee”) for the first 12 months your Location is open. The Reduced Royalty Fee is in place so you can invest additional money in the marketing introduction plan during the first 12 months your Location is open.

The Reduced Royalty Fee described in the preceding paragraph only applies to new Locations and Conversion Franchises and is not available to a franchisee that purchases a resale NerdsToGo location.

Beginning your 13th month of operation of your Location through the expiration date of the franchise agreement, you will pay us the greater of \$1,000 or 8% of your Gross Service/Software Sales and 2% of your Gross Product Sales (“Royalty Fee”).

The minimum Royalty Fee is not a representation that you will achieve any level of Gross Sales.

If you are a Conversion Franchisee and you have not commenced operation of your Conversion Franchise within 90 days of the Effective Date of the franchise agreement, beginning on the first of the month following the 90 days, you will pay a minimum Royalty Fee of \$1,000. You will continue to pay this monthly minimum Royalty Fee until you commence operation of your Conversion Franchise.

2. You shall report monthly Gross Sales of the Location to GTN by the fifth (5th) day of the following month. The Royalty Fee is due and payable to us immediately thereafter through electronic funds transfer for the month to which the Royalty Fee applies (unless the day is a holiday, in which case payment (electronic funds transfer) will be done the next succeeding business day). You must provide us with the authorization for electronic funds transfer of the royalty fee. We may change the method of payment of the Royalty Fee from electronic funds transfer to such other manner of payment as we deem appropriate at any time. A business day means any day other than Saturday, Sunday, or the following national holidays: New Year’s Day, Martin Luther King Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans’ Day, Thanksgiving Day, and Christmas Day.

3. You must report your Gross Sales to us each month. If you fail to report your Gross Sales, we will withdraw estimated Royalty Fees equal to the greater of (i) \$1,000 or (ii) the fee based on 125% of the last Gross Sales reported to GTN. We will true-up the actual royalty fees after you report Gross Sales.

4. To remain competitive with the market and continually offer our services as an innovative industry leader we charge a “technology fee”. This fee is used to cover the increasing cost of supplying technology solutions to the network and/or to fund the continued development of new and innovative features for the franchise microsite.

5. Fees for the NerdAssure Managed Services Remote Monitoring Software agents (RMM agents) are purchased and payable to us. You are required to install and maintain internal and testing licenses for a minimum of 5 agents in your Location or Conversion Franchise and pay the associated fees. We collect the NerdAssure fees electronically monthly (on 5th day of the

month) for all NerdAssure Managed Services' RMM agents in place at the end of each prior month, without deduction for failure to collect from your customer.

6. Under the franchise agreement, the Marketing Fund Contribution percentage is 1% of Gross Service/Software Sales and your Gross Product Sales ("Reduced Marketing Fund Contributions") for the first 12 month your Location or Conversion Franchise is open. Beginning the 13th month of operation of your Location through the end of the term of the franchise agreement, the Marketing Fund Contribution is 2% of Gross Service/Software Sales and Gross Product Sales. You must spend 5% of Gross Sales (inclusive of the 2% paid to the Marketing Fund) each month on local marketing and promotion of your Location. This amount is only a minimum requirement, and we do not represent that it is the optimal amount of money you spend on marketing.

Your obligation to pay the Marketing Fund Contribution begins immediately when your Location opens. The Marketing Fund Contribution is due and payable through electronic funds transfer in the same manner as the royalty fee described above. You must provide us with the authorization for electronic funds transfer of the Marketing Fund Contribution. We may change the method of payment of the Marketing Fund Contribution from electronic funds transfer to such other manner of payment as we deem appropriate at any time by notice to you.

If you are purchasing a new Location, you will pay us a \$14,500 prepaid fee or if you are a Conversion Franchise, you will pay us a \$10,500 prepaid fee for your marketing introduction plan before your register for training. If you are purchasing an existing NerdsToGo location, you will pay us a \$10,500 prepaid fee for your marketing introductions plan when you sign the franchise agreement.

You are required to spend a minimum of 5% on marketing (2% ad fund, 3% local marketing). Additional digital advertising (search engine optimization (SEO), search engine marketing (SEM), local digital advertising, social media and other digital approved services) can be purchased from our approved provider.

7. We charge a transfer fee of \$17,500 for transfers such as: transfer of the franchise agreement or transfer of a controlling ownership interest of you or one of your owners. If you request and we assist you in selling your Location, you must also pay us a Resale Consulting Fee of \$5,000.

8. If we terminate the franchise agreement because of your breach, then within 30 days following such termination, you must pay us an amount equal to the greater of (i) the average monthly royalty fees and Marketing Fund Contribution (if applicable) that you owed to us for the past 24 months multiplied by the lesser of 36 or the number of months remaining in the Term, or (ii) the average monthly royalty fees and Marketing Fund Contributions (if payable by you) paid by all franchised NerdsToGo locations who have operated for the past 24 months multiplied by the lesser of 36 or the months remaining in the Term ("Early Termination Damages"). If you have not operated the business for 24 months prior to the termination of the franchise agreement, the Early Termination Damages will be calculated by using the average monthly royalties and Marketing Fund Contributions (if payable by you) from all franchised NerdsToGo locations who have operated for the past 24 months multiplied by 36.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – NEW LOCATION

Type of expenditure	Estimated Low	Estimated High	Method of payment	When due	To whom payment is to be made
Initial franchise fee (see Note 1)	\$49,750	\$49,750	Lump sum	Upon signing the franchise agreement	Us
Vehicle Finance for one Branded Vehicle (see Note 2)	\$1,350	\$1,800	As arranged	Upon purchase	Vendor
Vehicle Graphics for one Branded Vehicle (see Note 3)	\$500	\$2,900	As invoiced	As incurred	Us or local graphic installer
Equipment, Tools & Systems (see Note 4)	\$4,450	\$4,735	As invoice	As incurred	Vendors and suppliers
Deposits (See Note 5)	\$2,153	\$3,041	Per lease or as arranged	Upon ordering service and signing lease	Utility providers and Landlord
Leasehold Improvements (see Note 6)	\$7,080	\$8,000	As arranged	As incurred or when billed	Contractors and Landlord
Furniture, Fixtures, Cabinetry, and Displays (Note 7)	\$4,129	\$10,122	As invoiced	As incurred	Us, Vendors and suppliers

Type of expenditure	Estimated Low	Estimated High	Method of payment	When due	To whom payment is to be made
Administrative Supplies (See Note 8)	\$479	\$945	As invoiced	As incurred	Vendors and suppliers
Insurance (see Note 9)	\$873	\$1,250	As invoiced	Upon ordering	Insurance company
Signage – Inside and Outside (see Note 10)	\$2,829	\$9,178	As invoiced	Upon ordering	Us, Vendors and suppliers
Professional Fees (lawyer, accountant, etc.) (see Note 11)	\$1,350	\$3,711	As invoiced	As incurred or when billed	Professional service firms
Marketing Introduction Plan (see Note 12)	\$14,500	\$14,500	Lump Sum	Before registering for initial training	Us
Marketing Materials and Uniforms (see Note 13)	\$1,105	\$2,400	As invoiced	Upon ordering	Vendors and suppliers
Design Fee (see Note 14)	\$500	\$500	As invoiced	As incurred	Us
Travel, Lodging and Meals for Initial Training (see Note 15)	\$2,285	\$3,200	As incurred	As incurred	Airlines, hotels, and restaurants
Additional Funds (for first 4 months) (see Note 16)	\$40,000	\$65,000	As incurred	Varies	Us, Employees, suppliers, landlord, utilities
Total	\$133,333	\$181,032			

Notes

1. Franchise Fee. The amount of the initial franchise fee for a territory with up to 100,000 people is \$49,750. The initial franchise fee for additional NerdsToGo locations is \$24,875. You will pay an initial franchise fee of \$24,875, a discount of 50%, if you are a veteran of the U.S. Armed Forces that meet the requirements of the VetFran Program, or you are a First Responder as described in Item 5 of this Disclosure Document. The initial franchise fee is non-refundable under the terms of the franchise agreement. None of the other expenditures in this table will be refundable.

2. Vehicle Finance. You will begin your NerdsToGo franchise with one Branded Vehicle. You may add additional Branded Vehicles as your business grows. The figures above assume you will lease your Branded Vehicle and incur monthly lease payments. You may purchase the Branded Vehicle, but your costs will vary.

3. Vehicle Graphics. Your Branded Vehicle must have our required vehicle graphics. You will purchase the vehicle graphics either through us or directly from our approved vendor. The vendor will have the vehicle graphics mailed to your local installer. The price also includes estimated installation and upfit costs.

4. Equipment, Tools, and Systems. This reflects the amount you pay for the diagnostic and repair equipment, tools, and systems; this amount is allocated towards your Branded Vehicle and Location. This inventory will include computer and electronic devices, computer accessories and computer, electronic parts laptops, routers, switches, hubs, cables, tablets, parts, computer accessories, and additional technology related products and parts as technology changes. This amount also reflects the equipment needed to operate the location.

5. Deposits for Site Lease and Utilities. The figure includes miscellaneous utility deposits such as telephone, electric, gas, and water. These amounts will vary based on the Location's geographic area, your credit rating, and other factors. We have specific criteria for the Location to enable us to approve a particular site. We use a variety of reports, information, and sources. We are not obligated to visit a proposed site for approval. Site visits will be as needed and determined by us. If a site visit is determined as necessary by us, we will notify you. You will lease the site, typically located in either a retail storefront or office/industrial location. The sites are typically 700 to 1,000 square feet at approximately \$14 to \$30 per square foot in annual rent. Rental rates and payment terms vary significantly based on geographic area and market conditions. The lease deposit varies based on market area standards and credit rating, and typically include first and last month's rent. The actual deposit and rent you pay will vary depending on the size of the site, the geographic area, your ability to negotiate with landlord, prevailing rental rates, and other factors.

6. Leasehold Improvements. The space you lease for your Location must meet NerdsToGo criteria without major renovations. The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the Location; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); (iii) cost of materials and labor which may vary based on geography and location; and (iv) landlord contribution toward tenant improvements. Leasehold improvements are net any free

rent from the landlord and net any tenant improvement dollars from the landlord. These amounts are based on the cost of adapting our prototypical design plans to remodel and finish-out of the Location. The amounts shown are based on actual costs for new NerdsToGo locations opened over the past 12 months that were built out with the recommended new location footprint of 700 - 1,000 square feet, plus or minus 15%. Labor and material costs may vary in accordance with local variations in wage rates, labor efficiency, union restrictions and availability and price of materials. Finish-out costs are based on leasing unfinished space that consists of walls, plumbing, concrete slab, lighting, HVAC and electric. Your costs may vary substantially based on local conditions. These costs may vary depending on whether certain costs are incurred by the landlord and are allocated over the term of the lease.

7. Furniture, Fixtures, Cabinetry, and Displays. The figures shown include an estimate for office furniture, Nerd Lab furniture, counters, file cabinets, and other fixtures included in our fixture package.

8. Administrative Supplies. We require you to purchase the following from a designated provider 1) credit card processing system (initial and ongoing processing fees); and 2) 3-month supply of office supplies (business cards, forms, and administrative sundries).

9. Insurance. Our estimate for the initial cost of insurance is based on payment of premium for one quarter (and not for the entire year).

10. Signage. You will purchase signage for the interior and exterior of your Location that meets our specifications. Exterior signage is coordinated by us and is purchased from us or our preferred vendor.

11. Professional Fees. We strongly recommend that you hire a lawyer and an accountant to help you evaluate this opportunity, the lease for the Location, and to advise you in establishing your Location generally.

12. Marketing Introduction Plan. We require you to spend not less than \$14,500 (\$10,500 for the sale of an existing NerdsToGo Location to a third party (“Resale Location”)) on the marketing introduction plan for the Location in your local market before opening and over the course of the first 4-to-6 months of operation and 3-to-4 months for a Resale Location. (See Item 11). The programs in the marketing introduction plan may include direct mail marketing programs (including mailings in your Territory), local digital advertising including local Pay-Per-Click advertising, search engine optimization, display or social media advertising, initial marketing materials/sales promotion items, and virtual sales assistant customer prospecting email campaigns. There are 12 months of virtual sales assistant customer prospecting email campaigns included for a new location and 6 months is included for a Resale Location in your marketing introduction plan. The marketing plan also includes required tracking phone numbers and web lead forms to capture and track all lead activity. The \$14,500 for the marketing introduction plan for a new Location is paid to us before registering for the initial training program. The \$10,500 for the marketing introduction plan for a Resale Location is paid to us upon signing the franchise agreement. If additional funds remain after we outline the spending on these programs and materials on the elements above, we may approve other programs such as local media or association marketing opportunities for inclusion in the pre- paid portion of the marketing introduction plan. Marketing

programs are evaluated for effectiveness, and we may make changes to the tactics to optimize the initial marketing and advertising plan. The marketing plan will also include recommended programs and spending that you can choose to implement or modify as desired beyond the marketing introduction plan fund amount. These programs and their associated costs are not included in the initial advertising costs payable to the Marketing Fund.

The monthly website fee to launch and maintain your local website is not included in the marketing prepay budget. Franchisees will be billed directly by our designated vendor.

After the marketing introduction plan as described in this Note 11 for the Location or Resale Location is completed, you are required to continue local digital advertising using and paying our designated vendor. If you choose to continue the virtual sales assistant customer prospecting email campaigns upon expiration of the pre-paid marketing introduction plan dollars referenced above, you must use and pay our designated vendor.

13. Marketing Materials. This is an estimate for marketing related expenses for giveaways, promotional material (3-to 4 month supply) and uniforms for your staff members including shirts, jackets, t- shirts and wearable items to promote the Location.

14. Design Fee. Before you open your Location, you must pay us a non-refundable fee of \$500 for a preliminary space plan drawing of the Location, The design plan drawings do not include electrical, plumbing, mechanical engineering services, Title 24 or other requirements of the applicable state or municipality, and the plans are not sealed by an architect. These plans are for informational purposes only, and not for permitting.

15. Travel, Lodging, and Meals for Initial Training. We provide instruction and training materials for you, Technology Expert and Technology Specialist. You and the individual designated as your Technology Expert must attend and satisfactorily complete our requirements before opening your location. We also recommend that one additional employee who will serve as a Technology Specialist attend training. Initial training consists of 2 weeks for you and 1 week for your employee(s). The amounts shown are estimated costs for your training (2 weeks) and 1 employee training (1 week). We incorporated the basic expenses for you or your Managing Principal to spend 3 days in a NerdsToGo location before attending initial training. We may convert the traditional classroom training of the initial training program entirely or partially to live instructor-led virtual training. All costs vary based on the mode of transportation, lodging, meals, employee recruitment, and wages.

16. Additional Funds. These amounts are estimates of initial working capital costs such as rent, telephone, utilities, employee wages, benefits, workers' compensation, advertising, and promotional activities, inventory costs, Royalty Fee, Marketing Fund Contribution, website management and technology fee payments, operational supplies, and professional fees. There are occasions when these funds might be used to finance receivables incurred in the Location. These figures are estimates and we cannot assure you that you will not have additional expenses operating the Location. The amount of additional funds you may need depends on how much you follow our methods and procedures, your management skills, experience, and business acumen; local economic conditions; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These amounts include \$27,864 in debt service (principal & interest) for the first

12 months based on financing \$200,000 over 10 years at a 7 percent interest rate. These amounts do not include salaries, benefits or personal living expenses for you, your Executive Principal or Designated Manager. These amounts are in addition to all other expenses in this chart. These costs are based on 4 months of our franchisees' additional funds costs, and our affiliate, Nerds To Go, Inc.'s operation of a NerdsToGo location in Guilford, Connecticut since 2003.

17. Except as specifically state above, the amount provided in Item 7 may be subject to increases based on changes in market conditions, our cost to provide services and future policy changes. At the present time, we have no plans to increase payments over which we have control. We may request that you pay a supply deposit of \$15,500 before opening your Location to purchase the following items:

- 1) Equipment, Tools, and System;
- 2) Vehicle Graphics for 1 Branded Vehicle;
- 3) Furniture, Fixtures, Cabinetry, and Displays; and
- 4) Signage – Inside and Outside.

Except as indicated in Item 10, we do not offer direct or indirect financing to franchisees for any items.

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**YOUR ESTIMATED INITIAL INVESTMENT –
CONVERSION FRANCHISE MODEL**

Type of expenditure	Estimated Low	Estimated High	Method of Payment	When due	To whom payment is to be made
Initial franchise fee (see Note 1 and Note 14)	\$49,750	\$49,750	Lump sum	Upon signing the franchise agreement	Us
Vehicle Finance for one Branded Vehicle (see Note 2)	\$1,350	\$1,800	As arranged	Upon purchase	Vendor
Vehicle Graphics for one Branded Vehicle (see Note 3)	\$500	\$2,900	As invoiced	As incurred	Us or local graphic installer
Equipment, Tools & Systems for one Branded Vehicle (see Note 4)	\$0	\$4,735	As invoice	As incurred	Vendors and suppliers
Deposits (See Note 5)	\$0	\$1,500	Per lease or as arranged	Upon ordering service and signing lease	Utility providers and Landlord
Leasehold Improvements (see Note 6)	\$1,000	\$8,000	As arranged	As incurred or when billed	Contractors and Landlord
Furniture, Fixtures, Cabinetry, and Displays (see Note 7)	\$2,974	\$7,358	As invoiced	As incurred	Us, Vendors and suppliers
Administrative Supplies (see Note 8)	\$0	\$479	As invoiced	As incurred	Vendors and suppliers
Insurance (see Note 9)	\$873	\$1,250	As invoiced	Upon ordering	Insurance company

Type of expenditure	Estimated Low	Estimated High	Method of Payment	When due	To whom payment is to be made
Signage – Inside and Outside (see Note 10)	\$2,829	\$9,178	As invoiced	Upon ordering	Us, Vendors and suppliers
Professional Fees (lawyer, accountant, etc.) (See Note 11)	\$1,350	\$3,711	As invoiced	As incurred or when billed	Professional service firms
Marketing Introduction Plan (see Note 12)	\$10,500	\$10,500	Lump Sum	Before registering for new owner	Us
Marketing Materials and Uniforms (see Note 13)	\$1,105	\$2,400	As invoiced	Upon ordering	Vendors and suppliers
Design Fee (see Note 14)	\$500	\$500	As invoiced	As incurred	Us
Travel, Lodging and Meals for Initial Training (see Note 15)	\$2,285	\$3,200	As incurred	As incurred	Airlines, hotels, and restaurants
Additional Funds (for first 4 months) (see Note 16)	\$20,000	\$35,000	As incurred	Varies	Employees, suppliers, landlord, utilities
Total	\$95,016	\$142,261			

Notes

1. **Franchise Fee.** The amount of the initial franchise fee for Conversion Franchise is \$49,750. The initial franchise fee for additional NerdsToGo locations is \$24,875. You will pay an initial franchise fee of \$24,875, a discount of 50%, if you are a veteran of the U.S. Armed Forces that meet the requirements of the VetFran Program, or you are a First Responder as described in Item 5 of this Disclosure Document. The initial franchise fee is non-refundable under the terms of the franchise agreement. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. Vehicle Finance. You will begin your Conversion Franchise with one Branded Vehicle. You may add additional Branded Vehicles or approved branded vehicles as your business grows.

3. Vehicle Graphics. Your Branded Vehicle must have our required vehicle graphics. You will purchase the vehicle graphics either through us or directly from our approved vendor. The vendor will have the vehicle graphics mailed to your local installer. The price also includes estimated installation and upfit costs.

4. Equipment, Tools, and Systems. Depending upon your existing equipment, tools and systems, you may need to purchase or modify items. This reflects the amount you pay for the diagnostic and repair equipment, tools, and systems if needed. It also includes 2 sets of inventories; one for your Branded Vehicle and another for instore. This inventory will include computer and electronic devices, computer accessories and computer, electronic parts laptops, routers, switches, hubs, cables, tablets, parts, computer accessories, and additional technology related products and parts as technology changes. This amount also reflects the equipment needed to operate the location.

5. Deposits. Deposits may not be necessary since this is a Conversion Franchise and represents an ongoing business. The figure includes miscellaneous utility deposits such as telephone, electric, gas, and water. These amounts will vary based on the Location's geographic area, your credit rating, and other factors. The sites are typically 700 to 1,000 square feet at approximately \$14 to \$30 per square foot in annual rent. Rental rates and payment terms vary significantly based on geographic area and market conditions. The lease deposit varies based on market area standards and credit rating, and typically include first and last month's rent. The actual deposit and rent you pay will vary depending on the size of the site, the geographic area, your ability to negotiate with landlord, prevailing rental rates, and other factors.

6. Leasehold Improvements. The cost of leasehold improvements and build-out modifications vary based on the amount of conversion necessary to meet our standards and specifications. The cost also depends on: (i) the size and configuration of the Location; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); (iii) cost of materials and labor which may vary based on geography and location; and (iv) landlord contribution toward tenant improvements. Leasehold improvements are net any free rent from the landlord and net any tenant improvement dollars from the landlord. These amounts are based on the cost of adapting our prototypical conversion design plans to remodel and finish-out of the Location.

7. Furniture, Fixtures, Cabinetry, and Displays. The cost of furniture, fixtures, cabinetry, and displays varies based on the amount of conversion necessary to meet our standards and specifications. The figures shown include an estimate for office furniture, Nerd Lab furniture, counters, file cabinets, and other fixtures included in our fixture package.

8. Administrative Supplies. The cost of administrative supplies varies based on the amount of conversion necessary to meet our standards and specifications. We require you to purchase the following from a designated provider 1) credit card processing system (initial and

ongoing processing fees); and 2) 3-month supply of office supplies (stationery, business cards, forms, and administrative sundries).

9. Insurance. Our estimate for the initial cost of insurance is based on payment of premium for one quarter (and not for the entire year).

10. Signage. You will purchase signage for the interior and exterior of your Location that meets our specifications. Exterior signage is coordinated by us and is purchased from our preferred vendor.

11. Professional Fees. We strongly recommend that you hire a lawyer and an accountant to help you evaluate this opportunity and to advise you in establishing your Location generally.

12. Marketing Introduction Plan. We require you to spend not less than \$10,500 on the marketing introduction plan for the Conversion Franchise in your local market before opening and over the course of the first 3 to 4 months of operation. (See Item 11). The programs in the marketing introduction plan may include direct mail marketing programs, local digital advertising including Pay-Per-Click advertising, search engine optimization, display or social media initial advertising materials/sales promotion items and virtual sales assistant customer prospecting email campaigns. The marketing plan also includes required tracking phone numbers and web lead forms to capture and track all lead activity. There are 6 months of virtual sales assistant customer prospecting email campaigns included for a Conversion Franchise in your marketing introduction plan. The \$10,500 for the marketing introduction plan for a Conversion Franchise is paid to us before registering for the initial training program. If additional funds remain after we outline the spending on these programs and materials on the elements above, we may approve other programs such as local media or association marketing opportunities for inclusion in the pre-paid portion of the marketing introduction plan. Marketing programs are evaluated for effectiveness and we may make changes to the tactics to optimize the initial marketing and advertising plan. The marketing plan will also include recommended programs and spending that you can choose to implement or modify as desired beyond the marketing introduction plan fund amount. These programs and their associated costs are not included in the initial advertising costs payable to the Marketing Fund.

The monthly website fee to launch and maintain your local website is not included in the marketing prepay budget. Franchisees will be billed directly by our designated vendor.

After the marketing introduction plan as described in this Note 12 for the Conversion Franchise is completed, you are required to continue digital advertising using and paying our designated agency. If you choose to continue the virtual sales assistant customer prospecting email campaigns upon expiration of the pre-paid marketing introduction plan dollars referenced above, you must use and pay our designated vendor.

13. Marketing Materials. This is an estimate for marketing related expenses for giveaways, promotional material (3 to 4 month supply) and uniforms for Conversion Franchise.

14. Design Fee. Before you open your Location, you must pay us a non-refundable fee of \$500 for a preliminary space plan drawing of the Location, The design plan drawings do not

include electrical, plumbing, mechanical engineering services, Title 24 or other requirements of the applicable state or municipality, and the plans are not sealed by an architect. These plans are for informational purposes only, and not for permitting.

15. Travel, Lodging, and Meals for Initial Training. We provide instruction and training materials for you, your Technology Expert, and Technology Specialist. You and the individual designated as your Technology Expert must attend and satisfactorily complete our requirements before opening your location. We also recommend that one additional employee who will serve as a Technology Specialist attend training. Initial training consists of 2 weeks for you and 1 week for your employee(s). The amounts shown are estimated costs for your training (2 weeks) and 1 employee training (1 week). We incorporated the basic expenses for you or your owner to spend 3 days in a NerdsToGo location before attending initial training. We may convert the traditional classroom training of the initial training program entirely or partially to live instructor- led virtual training. All costs vary based on the mode of transportation, lodging, meals, employee recruitment, and wages.

16. Additional Funds. Additional Funds may not be necessary since this is a Conversion Franchise and represents an on-going computer business. There is no consideration for debt service (interest and principal) allocated in the Additional Funds. All other ongoing costs will be comparable to your costs before conversion. All other items necessary for operation are covered in the list above.

17. Financing. We offer direct financing of the initial franchise fee for a Conversion Franchise. (See Item 10).

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Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

To ensure that the highest degree of quality and service is maintained in the NerdsToGo System, we require you to operate the Location in strict conformity with the methods, standards and specifications that we describe in the Operating Manual or otherwise in writing. We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your Location, (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your Location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit C).

B. Insurance. You must obtain insurance as described in the franchise agreement and in our Operating Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Location, for full repair and replacement value (subject to a reasonable deductible); (ii) business interruption insurance covering at least 12 months of income; (iii) 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; (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; (v) Employment Practices Insurance that provides protection against employee lawsuits. The policy will reimburse against the costs of defending a lawsuit in court and for judgments and settlements; (vi) Cyber Liability Insurance with limits of \$1,000,000 per occurrence and \$1,000,000 in the aggregate with a \$1,000 deductible to cover your liability for data breaches involving sensitive customer information, such as credit card numbers, account numbers and driver’s license numbers. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

We may change the coverage requirements and the amounts at our discretion and will advise you of the changes in the Operating Manual or in writing. You may, after obtaining our written consent, elect to have reasonable deductibles under the coverage required under paragraphs (i) through (vi) above.

C. Computer Systems. You must purchase the software and computers systems that we specify. See Item 11 for more details.

D. Vehicles. You must use a vehicle approved by us in writing. Your vehicle that you use for your Location must include our required graphics. You will purchase your vehicle wraps through us; we will have them mailed to your local installer. You will open your Location with one Branded Vehicle and can add additional branded vehicles to your fleet as your Location grows.

E. Website Management. You must use our preferred vendor for website management, search engine optimization, and search engine marketing. Currently, the provider offers the following services for \$250 per month (“Marketing Web Fee”), which is billed directly to the you by the vendor:

- Dashboard reporting software 24/7 that gives you the ability to see all of your digital marketing data;
- Hosting of website including the following features: blog, articles/information center, testimonials, coupons, franchise team member/staff bios, contact form, photo gallery, reputation monitoring and review request;
- Call tracking phone number(s);
- Call recording for inbound phone calls on tracking phone line(s);
- Local business listings management including Google Business Profile, Facebook and Yelp profiles and data aggregators;
- Social media and content marketing tool; and
- Marketing team support.

F. Signs. You must use our preferred vendor for exterior signage.

G. Advertising. All promotional, sales, marketing and advertising materials (including print, digital, and media advertising, vehicle graphics, business stationery, cards, forms, envelopes, novelty items, and materials used to market the business), public relations and social media activities, sales collateral materials and other items we specify must bear the Marks in the form, color, location and manner we require. In addition, all your advertising, marketing, sales, and promotional plans in any medium will be conducted in a dignified manner and will conform to the standards and requirements in the Operating Manual or as we otherwise specify in writing. You are required to participate in local digital advertising using and paying our designated agency to direct web traffic to your Location during business hours. You may speak on behalf of your Location to the media, but you need pre-approval from us to speak to the media on our behalf. You may maintain a virtual sales assistant customer prospecting email campaign program paying and using our vendor. You may purchase advertising materials and enroll in marketing programs from designated suppliers if the programs meet our requirements. See Item 11 for more details.

H. Managed Services Solution. The NerdsToGo Managed Services solution consists of a variety of integrated services including technology that will proactively monitor the customers’ IT infrastructure helps detect problems and provide remote control access. Our Managed Services solution provides reports on performance optimization of the clients’ systems regardless of whether the clients’ technology is premised-based, in the cloud, or a combination (hybrid).

I. NerdAssure. NerdAssure is our branded managed services offering. In order to maintain the consistency and integrity of our managed services solution, all core remote monitoring and management software agents (RMM agents), within the NerdAssure bundle, must be purchased from and are payable to us. You are also required to utilize a multi-factor authentication tool.

Us or our Affiliates as Supplier

Neither we nor any affiliate is currently a supplier of any goods or services that you must purchase, although we may be a supplier (or the sole supplier) of goods or services in the future.

Ownership of Suppliers

None of our officers own an interest in any supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 90 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Operating Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the Location in our Operating Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Operating Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after testing in our headquarters, in the company-owned outlet, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

We have negotiated discounts with suppliers and manufacturers for the benefit of the NerdsToGo System. To the extent possible, discounts are passed directly on to you. Our total revenue in the 2022 fiscal year was \$938,467. Our revenue from all purchases and leases of products and services by franchisees in the 2022 fiscal year was \$38,977 or 4% of our overall revenue in the 2022 fiscal year.

Our affiliates' do not derive any revenue for required purchases or leases from franchisees.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases are 19.77% to 27.27% of your total purchases and leases to establish your Location.

We estimate that the required purchases and leases of goods and services are 70% of your total purchases and leases of goods and services to operate your Location.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We have negotiated purchase arrangements with various suppliers (including price terms) for the benefit of franchisees, such as our website management/SEO/SEM provider.

Benefits Provided to You for Purchases

We do not provide any material benefit to you (such as renewal or granting additional franchises) based on your purchase of goods or services, or your use of particular suppliers.

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Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Section 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.4, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Sections 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.13, 7.15, 9.1, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Sections 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	§ 2.2	Item 12
l. Ongoing product/service purchases	Section 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 3.2, 7.12, 7.13, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Section 9	Items 6, 7, 8 and 11

p. Indemnification	Section 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Section 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Section 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17
v. Post-termination obligations	Sections 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Section 17	Items 6 and 17
y. Personal Guaranty	Franchise Agreement (Attachment 3)	Item 15

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Item 10 FINANCING

We do not offer direct (except as described below) or indirect financing. We do not guarantee your note, lease or obligations.

SUMMARY OF FINANCING OFFERED FOR CONVERSION FRANCHISEE										
Item Financed	Source of Financing	Down Payment	Amount Financed	Term (Yrs.)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Fee	Us (note 1)	\$15,000 (Note 1)	\$34,750 (Note 1)	3 (Note 1)	0% (Note 1)	\$965.28 (Note 1)	None (Note 1)	Personal Guarantee (Note 1)	Loss of franchise-unpaid loan (Note 2)	Waive notice. Confess judgment (Note 3)

Notes:

- (1) If you are a Conversion Franchisee and you meet our credit standards and qualify for financing, we may offer you financing for a portion of the initial franchise fee necessary to establish a NerdsToGo location. If you pay to us \$15,000 of the initial franchise fee, we will finance \$34,750 of the initial franchise fee (See Item 5). If you obtain financing from us, you will be required to sign a promissory note in the form attached as Exhibit “H” to this Disclosure Document (the “Note”). The Note provides for payment to us over a 36-month period at 0% interest per annum paid in monthly installments. There are no additional finance charges. The first payment on the Note is due 30 days after you commence operating your Location. If you finance the full amount, your monthly installment payment will be \$965.28. We will debit your business checking account automatically for the monthly installment payment on the 25th day of each month. We also require that the Note be guaranteed by your principals if you are a corporation or other business entity. We require no other security interest in the Note. You may prepay the Note in whole or in part without penalty.

You may be required to pay a higher down payment than the \$15,000 referenced above or the full initial franchise fee if you do not meet our minimum credit standards.

- (2) The following are events of default under the Note: (1) your failure to pay any principal, or any other charge or expense payable under the Note, (2) any breach or default by you of any warranty, representation, covenant, term or condition stated in the Note, in the franchise agreement, or in any other security instrument, affidavit or other agreement or instrument between us, (3) if the franchise agreement is terminated for any reason by us, (4) if you are not paying your debts as such debts become due, (5) the commencement of any proceedings under any bankruptcy or insolvency laws by or against you or (6) the sale, assignment, transfer or conveyance of all or substantially all of your assets. If you default, we may terminate the franchise agreement and all outstanding principal under the Note will be immediately due and payable. Also, you must pay the costs, fees, and expenses we incur in enforcing the Note.

- (3) Under the Note you waive presentment, demand for payment, protest and notice of non-payment by the makers, endorsers and guarantors of the Note. We receive no consideration for offering you financing.

We do not have any past or present practice, nor do we have any intention, to sell, assign or discount to a third party, in whole or in part, any note, contract or other instrument you execute.

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Item 11
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Our Pre-Opening Obligations

Before you open your Location, we provide you the following assistance and services:

A. *Your site.* Site selection assistance as described under “Site Selection” below. (franchise agreement, Subsection 5.4.). If you are unable to obtain a site for the Location that we approve within 12 weeks after you sign the franchise agreement or if you are unable to obtain the permits, licenses, and certifications you need to begin construction within 16 weeks after we approve the site for the Location, or if you are unable to acquire sufficient financing to complete construction of the Location and to open the Location for business within 365 days after the effective date of the franchise agreement, we may terminate the franchise agreement.

B. *Site Selection.* Once you have an executed letter of intent for the contract of sale or lease, you must obtain a site survey for accurate dimensions and conditions of the Location premises to provide to us for approval. The site survey can be provided to us by you, a third-party site survey company, or the landlord. The landlord site survey must be provided in a CAD file that is field verified to confirm “as built” conditions. Any lease for the premises must include the “Franchisor Required Lease Terms” containing substantially the terms and provisions listed in Exhibit “C” to the franchise agreement (unless we agree otherwise in writing).

C. *Constructing, remodeling, or decorating the premises.* We will provide you with design plans for the space of your Location. (Section 5.4)

D. *Hiring and training employees.* We will provide you with our minimum staffing levels (Subsection 5.2), suggested guidelines for hiring employees (Subsection 5.2), operational instructions in the Operating Manual which you can use as part of training new employees (Subsection 5.3), and our initial training program described below. Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

E. *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 Location. (Subsection 5.4)

F. *Operating Manual.* We will give you access to our Operating Manual (Subsection 5.1).

G. *Initial training program.* We will conduct our initial training program. (Subsection 5.4). The current initial training program is described below.

H. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Subsection 5.4).

I. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Subsection 5.4).

Our Post-Opening Obligations

After you open your Location:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* We will provide you with our minimum staffing levels (Subsection 5.2), suggested guidelines for hiring employees (Subsection 5.2), and operational instructions in the Operating Manual which you can use as part of training new employees (Subsection 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your Location; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your Location, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing on-site support). (Subsection 5.5).

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Subsection 5.5).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Subsection 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We administer the Marketing Fund. (Subsection 5.5). We will prepare an unaudited annual financial statement of the Marketing Fund and we will provide the statement upon request. (Subsection 9.3)

G. *Website.* We will maintain a website for the NerdsToGo brand, which will include your business information. (Subsection 5.5)

Advertising

Our obligation. We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce

advertising. We are not required to spend any amount of advertising in the area or territory where any franchisee is located. We will maintain the brand website. We have no other obligation to conduct advertising.

Your own advertising material. All local advertising and promotion you conduct must be approved by us or must be consistent with our Marks, in good taste, and in a form provided or approved by us. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

Advertising council. We do not have an advertising council composed of franchisees.

Local or Regional Advertising Cooperatives. We do not have any local or regional advertising cooperatives. We do not have the right to require you to participate in a local or regional advertising cooperative.

Marketing Fund. You and all other franchisees must contribute to our Marketing Fund. Your contribution will be 2% of Gross Sales per month. The Marketing Fund is intended to maximize public recognition and acceptance of the Marks and the NerdsToGo System. In administering the Marketing Fund, we have no obligation to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any franchisee benefits directly or pro-rata from the production and execution of the advertising. In the fiscal year ended December 31, 2022, we spent the Marketing Fund Contributions in the following manner: 24.8% on digital advertising, 8.8% on customer relationship management enhancements, and 66.4% on administrative expenses (including salaries for marketing personnel).

The Marketing Fund will not be audited. We will make unaudited annual financial statements available to you upon request. If less than all Marketing Fund Contributions are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year. The Marketing Fund is not used to develop, produce, or conduct advertising that is primarily a solicitation for the sale of franchises.

Market Introduction Plan. In addition to the Marketing Fund Contribution, you are required to spend not less than \$14,500 on the marketing plan for a new Location (\$10,500 for a Conversion Franchise or if you are purchasing a Resale Location in your local market). The amount payable for the marketing introduction plan for a new Location or Conversion Location, which is administered by our marketing department, is paid to us before you register for the initial training program. The \$10,500 for the marketing introduction plan for a Resale Location is paid upon signing of the franchise agreement. Our marketing department will create a marketing introduction plan for each new Location, Conversion Franchise or Resale Location and will allocate your required marketing introduction plan pre-paid dollars to local programs at our sole discretion that will be scheduled to run for 4-to-6 months for a new Location and 3-to-4 months for a Conversion Franchise or Resale Location. The programs in the initial marketing and advertising plan may include direct mail marketing programs, local digital advertising including local Pay-Per-Click advertising, search engine optimization, display or social media advertising, initial marketing/sales promotion items, virtual sales assistant customer prospecting email campaigns. There are 12 months of virtual sales assistant customer prospecting email campaigns included for a new Location and 6 months are included for a Conversion Franchise and Resale

Location in the market introduction plan. The marketing plan also includes required tracking phone numbers and web lead forms to capture and track all lead activity. Marketing programs are evaluated for effectiveness, and we may make changes to the tactics in order to optimize the marketing introduction plan. If additional funds remain after we outline the spending on these programs and materials on the elements above, other programs such as local media or association marketing opportunities can be included in the pre-paid portion of the marketing introduction plan.

The monthly website fee to launch and maintain your local website is not included in the marketing prepay budget. Franchisees will be billed directly by our designated vendor.

Required spending. After the initial market introduction plan, you must spend the 5% of Gross Sales (inclusive of the 2% paid to the Marketing Fund and 3% local marketing) each month on local marketing and promotion of your Location. This amount is only a minimum requirement, and we do not represent that it is the optimal amount of money you spend on marketing. All local advertising and promotion you conduct must be approved by us or must be consistent with our Marks, in good taste, and in a form provided or approved by us.

Digital Advertising. Upon expiration of the pre-paid marketing dollars referenced above for digital advertising, you are required to continue digital advertising using and paying our designated agency to direct web traffic to your Location during its hours of operation.

Additional Digital Advertising. Additional digital advertising (SEO, SEM, PPC, social media, and other digital approved services) can be purchased from our approved provider. You must use our approved provider for all digital services.

Virtual Sales Assistant. If you choose to continue the virtual sales assistant customer prospecting email campaigns upon expiration of the pre-paid marketing dollars referenced above, you must use and pay our designated vendor.

Social Media. Your Location may participate in approved social media programs (“Social Media”) and sites in accordance with our policies and guidelines established for Social Media, in the same geographic area as your Territory. (See Item 12 for more details). Different social media programs are allowed following our Social Media policy, guidelines, and naming convention. On any NerdsToGo social media sites, we must be co-administrators of your account.

Point-of-Sale and Computer Systems

You must use our “NerdNet” cloud-based software. The system is designed to provide you with daily management systems and infrastructure as it relates to management, financials and daily transactions. You must also use our Professional Service Automation (“PSA”) software. This PSA software provides field service management tools, including scheduling jobs, dispatching Nerd technicians, billing customers, providing payment processing, and managing our service management systems. The PSA software will also generate or store data such as financial, transaction and customer information. Our monthly technology fee (currently \$175 per month) includes NerdNet, a site license for the PSA software (up to 4 users per site). The PSA software is developed by a third party.

We will have electronic access to most operational aspects of your Location through the PSA software, including customer identity, appointments, invoicing and technician scheduling. Although there are no contractual limits imposed on our access to this information, we will not use the information gained through the PSA software for any purpose not related to your Location or the NerdsToGo System.

We require you to buy (or lease) and use computers; monitors; printers; applications for word processing, spreadsheets, accounting, and other typical office needs; Internet access; and mobile phones as needed for your Location. We currently do not require any particular computers, peripherals, or software except as listed above.

We estimate that these systems will cost between \$4,000 to \$7,500 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates.

We do not require you enter into any such contract with a third party.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$1,000 to \$5,000.

Operating Manual

See Exhibit F for the table of contents of our Operating Manual, and the number of pages devoted to each subject. The Operating Manual has 124 pages.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The- Job Training	Location
Introduction and Administrative	1		Carrollton TX
Computer Support Industry and Competition	1		Carrollton TX
Understanding Potential Clients and Target Market	1		Carrollton TX
How to handle competition	1		Carrollton TX
Your Business Plan	1		Carrollton TX
Service Offerings	4		Carrollton TX

Pricing	3		Carrollton TX
Customer Service	2		Carrollton TX
Service Call Procedures	4		Carrollton TX
Financial Procedures	2		Carrollton TX
Culture and Employee Relations	4		Carrollton TX
Operations Manual Usage	1		Carrollton TX
Work Order Processing	1		Carrollton TX
Selling Services and Products	6		Carrollton TX
Marketing and Advertising	3		Carrollton TX
Selling as an MSP and NerdAssure Overview	6		Carrollton TX
TOTALS:	41		

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes once per month. Training will be held at our corporate offices and business location in Carrollton, Texas. We may vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program. We may convert traditional classroom training entirely to or convert certain sessions to live instructor led virtual training.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes are overseen by Jim Howe, Brand President. His experience is described in Item 2. Other members of our staff who have between 10 and 25 years' experience in the industry and between 1 to 14 years of experience with us will also assist with training.

Classes on topics may be led by individual training class leaders. Class leaders will have at least one year of experience in the applicable field.

There is no fee for up to four people to attend training. You must pay the travel and living expenses of people attending training.

You and at least 1 Technology Expert must attend and complete training before opening your Location. We also recommend that 1 additional employee who will serve as a Technology Specialist attend training. You must open your Location with 1 Technology Expert who has successfully completed training. If you intend to operate an Executive Location, you must hire a Designated Manager before opening your Executive Location, and they must also attend and successfully complete training. You may send any additional people to training that you want (up to the maximum described above). You must complete training to our satisfaction at least 4 weeks before opening your Location.

We will provide our Nerd Technology training program to your Technology Expert and Technology Specialist and our sales and business development training program to up to 2

salespeople. There is no additional fee for this service. The Nerd Technology training is held at our offices and location in Carrollton, Texas, at the same time as our Franchisee Training; you are responsible for the travel and living expenses. The sales and business development training is done online.

Your Location must always be under your on-site supervision or under the on-site supervision of a Designated Manager who has completed our training program. If you need to send an employee to our training program, we will charge a fee, which is currently \$600 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Site Selection: You assume all cost, liability, expense, and responsibility for locating, obtaining, and developing a site for your Location from a third party and for constructing and equipping the Location at the site. We do not own or lease sites to NerdsToGo franchisees. You are responsible for obtaining permits, licenses and certifications to begin construction, and conforming the site to local ordinances and building codes. You are prohibited from making any binding commitment to a prospective vendor or lessor of real estate for a site for a location unless the site is approved by us in compliance with the procedure described below.

You will acquire, at your expense, a site for the Location at a site we approve within 12 weeks after you sign your franchise agreement. We may extend that period in writing. The Location may not be relocated without our written consent. At our discretion, we will select a local broker to assist you in locating sites for your Location which satisfy our site selection criteria. This does not apply to a Conversion Franchise.

We will review proposed sites with you to ensure they meet our criteria for visibility, accessibility and suitability of the Premises and other relevant factors. We have specific criteria for a NerdsToGo location to enable us to approve a particular site. We use a variety of reports, information, and sources to approve the site. We will use our best efforts to approve or disapprove your selected site within 14 days from the date that you submit a prospective site for approval. You will sign a lease or sublease for the Location within 16 weeks after you sign your franchise agreement. The factors we consider in approving sites are general location and neighborhood, visibility, accessibility, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. Site visits will be as needed and determined by us. If a site visit is determined as necessary by us, we will notify you. We may withhold approval of any particular site for any bona fide reason that we, in the exercise of our reasonable business judgment, deem necessary. In the event, that our representative will make a trip, we will pay all costs incurred by our representative for an on-site evaluation of the premises for a location. You pay all costs incurred for any additional on-site evaluations you request or if we determine those additional evaluations are necessary. In addition, if you relocate the Location for any reason, you pay all costs we incur conducting an on-site evaluation of the proposed Location.

If you occupy the premises for the Location under a lease, you will submit the lease to us before it is signed for our approval and furnish us a copy of the signed lease within 10 days after you sign it. We recommend seeking legal advice regarding the lease before signing it. Before we

approve the lease for the Location, the lease must contain substantially the terms and provisions contained in our Franchisor's Required Lease Terms (attached to this disclosure document as Exhibit C). You are not permitted to operate the Location under a month-to-month lease without our prior written approval. If you purchase the premises for the Location, you will submit the contract of sale to us for approval before it is signed and furnish us a copy of the signed contract of sale within 10 days after it is signed.

If we cannot agree on a site or if you fail to acquire a site for the Location within the period or any extension we grant, it will be a default under the franchise agreement, and we have the right to terminate the franchise agreement.

The maximum time from the date you sign the franchise agreement to the opening of the Location for business should not exceed 365 days with the average time taking 5-to-8 months. This time may vary depending on several of factors, including your ability to obtain financing, the time necessary to obtain an acceptable site, the time required to obtain permits and licenses necessary to operate the Location, the time required for tenant improvements and the time required for training.

If you are a Conversion Franchisee, your Conversion Franchise will be located at the location of your existing business unless agreed to otherwise in writing. You will bear the cost and expense for making all alterations, modifications, and improvements necessary to establish the Conversion Franchise at your existing business.

We estimate the time from the date you sign the franchise agreement to the opening of your existing business as a NerdsToGo Conversion Franchise will be 90 days. This time may vary depending on several factors, including the time required for modification and improvements necessary to operate the Conversion Franchise at your existing business.

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Item 12

TERRITORY

Your Location

The franchise agreement grants you the right to operate a single Location at the approved site. You are assigned a specific geographic area of a population with a minimum of 100,000 people (the “Territory”). If you comply with the franchise agreement, we will not establish or grant others the right to establish a NerdsToGo business in the Territory unless there is an increase of at least 10% in the number of people in the Territory. Your Territory will be described in Exhibit “2” to the franchise agreement. You must use your best efforts to advertise and promote the Location in the Territory. You may not offer or sell the products or services offered at the Location from any other premises.

Conversion Franchise

The Territory for a Conversion Franchise will be a defined area as determined by us. The Territory will be based on the sales of the existing business, and the size of the market. The population may be less for a Conversion Franchise’s Territory than the population for a new NerdsToGo business.

Relocation; Establishment of Additional Outlets

You do not have the right to relocate your Location, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee’s business on a case-by-case basis, considering factors such as changes in demographics, profitability of your current Location, or a loss of your premises due to circumstances beyond your control.

You do not have any options, right to establish additional franchised outlets or expand into an additional Territory. If you want to establish additional franchised outlets, you must (1) meet our then-current criteria for new franchisees as well as our then-current criteria for multi-unit franchisees, (2) be in compliance with your franchise agreement at all times since opening your Location, (3) have demonstrated your capability to operate the franchise successfully, and (4) obtain our agreement.

Territory Protection

We and our affiliates retain certain rights within and outside the Territory, as described below in this Item. The franchise agreement permits us to establish one or more NerdsToGo franchises in the Territory if there is a significant increase of at least 10% in people in the Territory. To re-determine the size of your Territory and grant a franchise for another NerdsToGo business in your Territory, your new assigned Territory must contain at least 100,000 people.

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

We may dispatch another NerdsToGo operator to provide service to a customer in your Territory if:

- (i) you are not available to service the call within the time requirements we specify;
- (ii) the customer makes a special request which we elect to honor;
- (iii) we determine it necessary based on the experience and skills necessary to perform the requested services;
- (iv) the customer is a national account or regional account customer, and you are not participating in the account program for the customer; or
- (v) if you are in default of your franchise agreement.

Rights We Reserve

The franchise agreement does not preclude us or any of our affiliates from establishing, operating, franchising or licensing others to operate businesses at any site, including within your Territory by: (i) operating or franchising others to operate, similar or competitive businesses located inside or outside the Territory under trademarks or service marks other than the Marks; (ii) operating or franchising others to operate, other dissimilar businesses located inside or outside your Territory under trademarks or service marks other than the Marks; (iii) selling products or services anywhere that are similar to those sold by NerdsToGo businesses, but under trademarks or service marks other than the Marks; (iv) selling products and services anywhere that are similar to those sold by NerdsToGo businesses, which products and services are sold under the trademarks or service marks but through dissimilar distribution channels (including without limitation via general or specialty retailers, the Internet or other electronic media); (v) selling products and services anywhere that are dissimilar from those sold by NerdsToGo businesses, but under the trademarks or any other trademarks or service marks; (vi) the right to operate, and to grant others the right to operate NerdsToGo businesses located anywhere outside your Territory; (vii) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at NerdsToGo businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and (viii) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at NerdsToGo businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in your Territory. While we currently have no plans to conduct those other businesses, we may do so in the future.

We are not required to pay you if we exercise any of the rights specified above inside your Territory.

Soliciting By You Outside Your Territory

Generally, there are no other restrictions in the franchise agreement that prevent you from soliciting business outside of your Territory, but you do not have the right to use other channels of distribution to make sales outside your Territory. There are also no restrictions that prohibit us or any other franchisee from soliciting business within your Territory. However, we recommend that all franchisees focus on soliciting business in their own territories

There are certain franchisees (each, a “Legacy Franchisee”) that have entered into franchise agreements before the date of this Disclosure Document and were granted protected territories that are broader than the Territory that you will receive (each, a “Legacy Territory”). In Legacy Territories, we will not open another NerdsToGo business, and we will not license or franchise another party to open a NerdsToGo business in the Legacy Territory. We and our Franchisees are not allowed to service customers located in any Legacy Territory. If you operate a location near a Legacy Territory, we may require you to enter into an addendum to your franchise agreement requiring you to comply with these restrictions.

Item 1 describes our current affiliated franchise programs, which are not direct competitors of the NerdsToGo system given the products/services they sell. There is no formal mechanism in place for resolving conflicts that may arise between your Location and the units of our affiliated franchise systems. We do not expect any material conflicts regarding Territory, customers, or franchise support.

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Item 13 TRADEMARKS

Principal Marks

The following are the principal Marks that we license to you. These Marks are owned by More Than IT, LLC

These Marks are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”). Because the federal trademark registration is less than 6 years old, no affidavits are required at this time. The registration has not yet been renewed.

Trademark	Application/Registration Number	Application/Registration Date
NERDS TO GO	4,886,072 (R)	January 12, 2016
	6,064,332 (R)	May 26, 2020
NERDASSURE	6919261 (R)	December 6, 2022
	97374352	April 21, 2022

NTG previously obtained a trademark registration with the USPTO for the logo Mark above, but that registration lapsed. NTG re-filed and obtained the registration above.

For one of the principal trademarks listed above, we do not have a federal registration for that principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. .

Determinations

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in the Marks.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed above in a manner material to the Location.

Protection of Rights

We protect your right to use the principal Marks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the Marks, to the extent described in this section.

You must immediately notify us of any infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and owners must not communicate with any person other than us and our counsel concerning any infringement, challenge, or claim. We have complete discretion to take any action that we determine appropriate and have the right to exclusively control and conduct any litigation, or USPTO or other proceeding arising out of any infringement, challenge, or claim relating to any of the Marks. You must sign any and all instruments and documents, provide any assistance, and perform any acts that, in the opinion of our counsel, are necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or to otherwise protect and maintaining our interest in the Marks. At our option, we may defend and/or control the defense of any proceeding arising from your use of any of the Marks. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving the Marks; however, if you timely notify us and comply with our directions in response to a Marks infringement proceeding that disputes your authorized use of the Marks, then we will reimburse you for your damages and reasonable expenses you incur.

We may substitute different names and marks to identify the System and the businesses operating under it if the Marks no longer can be used or their use is restricted, or if we determine that substituting different names and marks will benefit the System. You must pay any costs you incur to comply with any change or modification of the Marks. We may, at our discretion, reimburse you a portion of the expenses you incur that are directly related to the change or modification. You must send us documentation satisfactory to us.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal Marks.

Your Use of the Marks

You must use only the Marks we designate and use them only in the manner we authorize and permit. Any unauthorized use of the Marks is an infringement of our rights and a material event of default under the franchise agreement. You must not use the name NerdsToGo or any other Mark in the corporate or other legal name of any corporation or other entity formed by or affiliated with you. You must use the Marks only for operating or in advertising the Location.

You must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must execute any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of, or any of our affiliate's rights in and the Marks.

When the franchise agreement terminates or expires, you must immediately stop using our Marks, remove them from the Location and cancel any advertising using the Marks. We have exclusive rights to our Marks. We also have the right to monitor, supervise and control the use of our Marks by our franchisees and the nature and quality of the goods and services provided under the Marks. We have the right to modify or discontinue the use of any of the Marks and you are required to comply with our standards for their use as modified.

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Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All 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 Operating Manual as well as all other sales, training, videos, marketing, designs, advertising and promotional materials, management, and other materials that we have created or will create for use in the NerdsToGo System; and training materials such as manuals, handouts, knowledge base, electronic training and other visual aids used during training. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your Location. This information is communicated to you confidentially and is treated as proprietary in the franchise agreement.

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.

At our option, we may defend and/or control the defense of any proceeding arising from your use of any copyrights. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright; however, if you timely notify us and comply with our directions in response to a copyright infringement or challenge that disputes your authorized use of the copyrights, then we will reimburse you for your damages and reasonable expenses. You must sign any documents, and do what may, in our counsel's opinion, be necessary to protect our interests in any litigation or administrative or agency proceeding or to otherwise protect and maintain our interests in the copyrights. You must also agree not to contest our interest in these or our other confidential information.

We have the right to modify or discontinue the use of all materials used in the System (including those covered by copyrights). You are required to comply with our standards for their use as modified.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your Location. We also

claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the Location, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

All customer data and other non-public data generated by your Location is confidential information and are exclusively owned by us. We license such data back to you without charge solely for your use in connection with your Location.

The Operating Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). You must treat the Operating Manual and our Systems and any other manuals and any other Systems we create or approve for you to use in operating the Location, and the information contained in them, as confidential. You must also maintain this information as secret and confidential. You must not duplicate, copy, record or otherwise reproduce these materials or make them available to any unauthorized person. The Operating Manual remains our sole property and must be kept in a secure place at the Location. The Operating Manual may also include information maintained at our secure website; access to this information is via password only, you must maintain your password in a secure place. The Operating Manual and materials that contain our confidential information must be returned to us if the franchise agreement is terminated or expires.

We may revise the contents of the Operating Manual and you must comply with each new or changed standard. You will ensure that your copies or versions of the Operating Manual are kept current at all times. If there is a dispute as to the contents of the Operating Manual, the terms of the master copy maintained by us at our home office will be controlling.

We work together with you and other franchisees toward constant improvement and adapting to change to remain relevant and competitive in the IT services industry. Many of our current processes are a result of franchisee innovation and input.

All ideas, concepts, inventions, techniques, or materials concerning a NerdsToGo business, whether protectable intellectual property and whether created by or for you or your principals or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others. You are prohibited, during and after the term of the franchise agreement, from communicating, or using for the benefit of any other person or entity, any confidential information, knowledge, or know-how concerning the methods of operating the Location that may be communicated to you or that you may learn about in operating the Location. You can divulge this confidential information only to your Designated Manager (if you operate an Executive Location) or other key management employee and each of your employees who have access to it to operate your Location. You are prohibited, without first

obtaining our written consent, from copying, recording or otherwise reproducing the materials or information or from making them available to any unauthorized person. All information, knowledge, know-how and techniques related to the System that we communicate to you, including the Operating Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

You must have your personnel who have received or will have access to confidential information sign similar covenants.

Media: Any videos, and web content provided via mail or other delivery (“Media”) we provide you are also to be treated as confidential information as described above. You are prohibited from copying, sharing on-line resources, or otherwise reproducing or making them available to any unauthorized person in any way. The Media must be returned to us if the franchise agreement is terminated or expires.

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Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE
FRANCHISE LOCATION

Your Participation

To ensure the site where you operate your Location operates efficiently, you or your Designated Manager must operate the Location at the times and in the manner described in the Operating Manual. We may change these requirements at any time. The Location must be open during normal business hours (as provided in the Operating Manual), Monday through Friday, (except holidays as provided in the Operating Manual). You may operate the Location on Saturday and Sunday, if you choose to do so.

If you operate under our standard model, you are required to participate personally in the direct operation of your Location and must devote full-time and attention to the Location. If you operate an Executive Location, you are not required to participate personally in the operation of your Location, but you must appoint a Designated Manager to operate and devote his or her full-time attention to the Executive Location.

If you are the sole owner of the Location, then you are deemed the “Principal Executive”. If the Location is owned through a corporation or limited liability company, you must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your Location and has decision-making authority on behalf of the Location. The Principal Executive must own at least 10% of the Location. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the Location must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

Designated Manager and Executive Locations

If you operate an Executive Location, you are not required to personally conduct “on-premises” supervision of your Location. You must appoint a Designated Manager to operate the day-to-day operation of your Location, who we must pre-approve.

Other than receiving our pre-approval, there is no limit on who you can hire as a Designated Manager. The Designated Manager of your Location (whether that is you or a hired person) must successfully complete our training program.

If the franchise Location is owned by an entity, we do not require that the Designated Manager own any equity in the entity.

Restrictions on Your Designated Manager

If we request, you must have your Designated Manager (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law. We do not require you to place any other restrictions on your Designated Manager.

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Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The premises at which you operate your Location may be used solely for operating the Location. You must refrain from using or permitting the Location premises to be used for any other purpose or activity at any time unless you first obtain our written consent.

To ensure that the highest degree of quality and service is maintained, you must operate the Location in strict conformity with the methods, standards, and specifications that we provide in the Manuals or otherwise in writing. You must sell at the Location all products and services we require and provide the products and services in the manner and style that we specify. You will sell only those products and services that we have expressly approved for sale in writing. You will not deviate from our standards and specifications without our written consent. You will discontinue selling any product or service that we have disapproved in writing at any time on notice. There are no limits on our rights to change the types of products or services you may offer. You may not offer or sell the products or services offered at the Location from any site other than the Location without our written consent. Although not contractually required to do so, we typically review product or service requests within 90 days.

You have sole discretion as to the prices and terms you charge customers for any products and services.

We do not impose any other restrictions, in the franchise agreement or otherwise, as to the goods or services that you may offer or as to the customers to whom you may sell.

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Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE
FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§ 3.1	The term of the franchise agreement is 10 years from date of signing.
b. Renewal or extension of the term	§ 3.2	10-year renewal term.
c. Requirements for franchisee to renew or extend	§ 3.2	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 10-year term. You may be asked to sign a contract with materially different terms and conditions than your original franchise agreement. To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then- current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law). If you continue operating your Location after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 10-year term.
d. Termination by Franchisee	Not Applicable	
e. Termination by franchisor without cause	Not Applicable	Subject to state law.
f. Termination by franchisor with cause	§ 14.1	We can terminate only if you default, subject to state law.

g. "Cause" defined--curable defaults	§ 14.1	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. "Cause" defined--non-curable defaults	§ 14.1	Non-curable defaults: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your Location; violation of law; non-compliance with Anti- Terrorism Laws; violation of confidentiality; violation of non- compete; violation of transfer restrictions; violation of System Standards; slander or libel of us; refusal to cooperate with our business inspection; sell any products or services not authorized by us; cease operations for more than 5 consecutive business days; three defaults in 12 months; 3 or more customer complaints in 12 months, cross-termination; charge, plea to, or conviction of a felony; commit or be accused of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. Limited Services: If you are in default under your franchise agreement and you fail to timely cure it, we may, at our option, rather than terminating your franchise agreement, elect to provide Limited Services to you. Such Limited Services include: 1) Location's web page(s) removed from NerdsToGo.com; 2) no access to Marketing Fund services; 3) removal of you and your employees from the email system; 4) no access to our NerdNet proprietary operations portal; 5) not eligible to attend

		NerdsToGo events; 6) no access to our on-line training; 7) no access to Location design, layout services and real estate services; 8) ineligible to purchase or open additional NerdsToGo franchises; and 9) Location visits limited to only what is required by the franchise agreement. If you are in default and receiving Limited Services, we may terminate the franchise agreement at any time if you fail to cure the
i. Franchisee's obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Operating Manual and proprietary items; notify phone, Internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of franchise agreement by us	§ 15.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	§ 15.2	For you (or any owner of your Location) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Location, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in your Location, or (iv) control of the Location.
l. Franchisor's approval of transfer by franchisee	§ 15.2	We have the right to approve all transfers but will not unreasonably withhold approval.

m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you have made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (subject to state law); Location complies with then-current system specifications (including remodel, if applicable).
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your Location (other than to your co-owner, spouse, sibling, or child), we can match any offer for the franchisee's business.
o. Franchisor's option to purchase franchisee's business	§ 14.6	None, but, if the franchise terminated, we have the right to purchase the inventory, equipment, fixtures, furnishings, and any and all items bearing the Marks at Franchisee's cost or fair market value, whichever is less.
p. Death or disability of franchisee	§ 15.4	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the Location, and your executor must transfer the Location to an approved new owner within 9 months.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the Location, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor. Non-competition covenants are subject to state law.

r. Non-competition covenants after the franchise agreement is terminated or expires	§ 13.2	For 2-years, neither you, any owner of the Location, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within 5 miles of your former Territory or the Territory of any other NerdsToGo business operating on the date of termination. Non- competition covenants are subject to state law.
s. Modification of the franchise agreement	§ 18.3	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 Operating Manual or system specifications.
t. Integration/merger clause	§ 18.2	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. However, no claim in made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration	§ 17.1	Except for certain claims, all disputes must be arbitrated in Dallas County, Texas. (See Disclosure Document Addendum and State Amendment to franchise agreement.), subject to state law.
v. Choice of forum	§ 17.5	The venue for all proceedings related to or arising out of the franchise agreement is Dallas County, Texas, unless otherwise brought by us (subject to applicable state law). (See Disclosure Document Addendum and State Amendment to franchise agreement.)

w. Choice of law	§ 18.7	The franchise agreement is to be interpreted and construed under Texas law (except for Texas choice of law rules) (subject to applicable state law). (See Disclosure Document Addendum and State Amendment to the franchise agreement.)
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For additional disclosures required by certain states, refer to Exhibit I - State Addenda to Disclosure Document.

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Item 18
PUBLIC FIGURES

We do not use any public figure to promote our NerdsToGo business.

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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 location or under particular circumstances.

2022 FINANCIAL PERFORMANCE REPRESENTATION

On December 31, 2022, there were 32 NerdsToGo locations open and in operation and 27 were in continuous operation during the entire calendar year ending December 31, 2022. The table below shows historical financial performance for the 27 NerdsToGo locations that were in continuous operation for the entire 2022 calendar year and excludes locations that temporarily closed, had limited operations with a single employee, or did not report Gross Revenue in 2022.

As used in this Item 19, “Gross Revenue” is defined as the grand total of all sale transactions reported in a period, less sales tax, discounts, allowances, and returns. Gross Revenue is generated primarily (but not entirely) from four categories: (i) on-site service calls, (ii) on-site product sales, (iii) walk-in service, and (iv) walk-in product sales. “On-site” refers to service and sales performed at the customer’s location.

TABLE 1
Systemwide Gross Revenue
Franchised Locations Operating for the Entire 2022 Calendar Year

2022	Total Reporting Businesses	Top Quartile Reporting Businesses by Revenue	3rd Quartile Reporting Businesses by Revenue	2nd Quartile Reporting Businesses by Revenue	Bottom Quartile Reporting Businesses by Revenue
# of Reporting	27	7	6	7	7
Highest Gross	\$1,000,598	\$1,000,598	\$361,489	\$259,395	\$174,757
Lowest Gross	\$51,456	\$391,045	\$263,621	\$194,025	\$51,456
Average Gross	\$327,771	\$631,179	\$329,828	\$231,267	\$119,103
# At or Above	11	3	4	4	5

% At or Above	40.7%	42.9%	66.7%	57.1%	71.4%
Median Gross	\$259,395	\$610,810	\$334,514	\$235,129	\$136,265

Notes:

1. The highest and lowest reported Gross Revenue for the 27 NerdsToGo locations included in the average were \$1,000,598 and \$51,456, respectively. Of the 27 NerdsToGo locations, 11 or 40.7% met or exceeded the average Gross Revenue. The Top Quartile reported average Gross Revenue of \$631,179 and 3 locations or 42.9% met or exceeded the average. The highest and lowest reported Gross Revenue for the Top Quartile were \$1,000,598 and \$391,045, respectively.

2. The average Gross Revenue figures included in this analysis are based on sales reports submitted to us by each Franchisee. The figures in the sales reports have not been audited and we have not undertaken to otherwise independently verify (i) the accuracy of such information or (ii) whether such information was prepared in accordance with generally accepted accounting principles.

2021 FINANCIAL PERFORMANCE REPRESENTATION

On December 31, 2021, there were 29 NerdsToGo locations open and in operation and 21 were in continuous operation during the entire calendar year ending December 31, 2021. The table below shows historical financial performance for the 21 NerdsToGo locations that were in continuous operation for the entire 2021 calendar year and excludes locations that temporarily closed, had limited operations with a single employee, or did not report gross sales in 2021.

TABLE 1
Systemwide Gross Revenue
Franchised Locations Operating for the Entire 2021 Calendar Year

2021	Total Reporting Businesses	Top Quartile Reporting Businesses by Revenue	3rd Quartile Reporting Businesses by Revenue	2nd Quartile Reporting Businesses by Revenue	Bottom Quartile Reporting Businesses by Revenue
# of Reporting	21	6	5	5	5
Highest Gross	\$914,448	\$914,448	\$380,526	\$252,963	\$216,357
Lowest Gross	\$79,973	\$422,608	\$259,845	\$229,693	\$79,973
Average Gross	\$338,237	\$595,088	\$318,852	\$241,874	\$145,767

# At or Above	7	2	3	2	2
% At or Above	33.3%	33.3%	60.0%	40.0%	40.0%
Median Gross	\$259,845	\$504,332	\$320,216	\$241,197	\$144,536

Notes:

1. The highest and lowest reported Gross Revenue for the 21 NerdsToGo locations included in the average were \$914,448 and \$79,973, respectively. Of the 21 NerdsToGo locations, 7 or 33.3% met or exceeded the average Gross Revenue. The Top Quartile reported average Gross Revenue of \$595,088 and 2 locations or 33.3% met or exceeded the average. The highest and lowest reported Gross Revenue for the Top Quartile were \$914,448 and \$422,608, respectively.

2. The average Gross Revenue figures included in this analysis are based on sales reports submitted to us by each Franchisee. The figures in the sales reports have not been audited and we have not undertaken to otherwise independently verify (i) the accuracy of such information or (ii) whether such information was prepared in accordance with generally accepted accounting principles.

Results of 2022 and 2021 Financial Surveys

In addition to the average Gross Revenue analysis for 2022 and 2021 presented above, certain expenses expressed as a percentage of Gross Revenue, have been provided based on the experience of certain of the foregoing NerdsToGo locations in 2022 and 2021, as described below. The expense figures were extracted from the 2022 and 2021 financial statements submitted by the NerdsToGo franchisees included in our 2022 and 2021 Financial Surveys. We have not been provided with expense data from (i) 19 of the 27 NerdsToGo franchise locations that were open and in continuous operation during the 2022 calendar year, and (ii) 13 of the 21 NerdsToGo franchise locations that were open and in continuous operation during the 2021 calendar year. In each instance, this was primarily due to the close proximity of year-end to the time of compilation of these numbers and such NerdsToGo franchise locations were not included in the expense figures provided herein. You should note that expense data for the 8 NerdsToGo franchise locations included in the 2022 compilation relate to operations during the 2022 calendar year, and the expense data for the 8 NerdsToGo franchise locations included in the 2021 compilation relate to operations during the 2021 calendar year.

The information relating to the operations expenses provided by the NerdsToGo locations and used by us in determining the numerical values provided have not been audited and such information has not necessarily been prepared on a basis consistent with generally accepted accounting principles. We are unable to verify whether the expense data submitted by each NerdsToGo location for each separately provided expense item appropriately reflect the types of

expenses which are ordinarily incurred by NerdsToGo locations, and which should be included in the item according to generally accepted accounting principles.

Each percentage given on this analysis reflects the mean average or the median of the total percentages for the applicable expense item provided by the reporting NerdsToGo locations (i.e., the aggregate sum of the expense percentages of all reporting NerdsToGo locations divided by the number of reporting NerdsToGo locations). The expense percentages for the various expense items provided by each reporting NerdsToGo location reflect that NerdsToGo location's expenses as a percentage of its Gross Revenue. No percentage given on this analysis is the actual expenses percentage experienced by any one NerdsToGo location and the actual expense percentages for the reporting NerdsToGo location on any expense item may vary significantly.

The following expenses represent the major expense items for a NerdsToGo location and should not be considered the only expenses that a NerdsToGo location will incur:

**2022 Year-End Average & Median P&L
For NerdsToGo Locations
(8 Locations Reporting)**

2022	Average	% of Sales	# of locations at or above the Average	Median
GROSS REVENUE	\$ 518,200	100.0%	2	\$ 399,160
COST OF GOODS	\$ 151,530	29.2%	2	\$ 109,203
OPERATING EXPENSES				
Labor, incl Franchisee Principal Compensation	\$ 153,274	29.6%	3	\$ 122,051
Advertising	\$ 35,295	6.8%	3	\$ 31,196
Facilities	\$ 24,778	4.8%	3	\$ 18,459
Royalties	\$ 38,164	7.4%	2	\$ 30,941
Other General & Admin Expenses	\$ 72,717	14.0%	3	\$ 65,087
EBITDA	\$ 29,899	5.8%	4	\$ 31,780
Franchise Principal Compensation	\$ 59,434	11.5%	4	\$ 53,400
Total Franchisee Principal's Benefit	\$ 101,877	19.7%	4	\$ 100,352

*The highest and lowest reported Gross Revenue for the 6 NerdsToGo locations that provided 2022 financial statements were \$1,013,952 and \$237,873, respectively.

**2021 Year-End Average & Median P&L
For NerdsToGo Locations
(8 Locations Reporting)**

2021	Average	% of Sales	# of locations at or above the Average	Median
GROSS REVENUE*	\$524,197	100.0%	3	\$482,766
COST OF GOODS	\$129,743	24.8%	4	\$123,130
OPERATING EXPENSES				
Labor, incl Franchisee Principal Compensation	\$191,539	36.5%	2	\$161,886
Advertising	\$37,381	7.1%	4	\$38,184
Facilities	\$21,961	4.2%	3	\$17,745
Royalties	\$34,254	6.5%	2	\$31,154
Other General & Admin Expenses	\$61,171	11.7%	4	\$59,067
EBITDA	\$48,149	9.2%	3	\$39,506
Franchise Principal Compensation	\$38,499	7.3%	3	\$27,449
Total Franchisee Principal's Benefit	\$86,648	16.5%	4	\$70,489

*The highest and lowest reported Gross Revenue for the 8 NerdsToGo locations that provided 2021 financial statements were \$914,448 and \$218,889, respectively.

The amount of gross revenue realized, and expenses incurred will vary from unit to unit. Gross revenue and expenses at Franchisee's NerdsToGo location will be directly affected by many additional factors not noted above, including, without limitation, the location's geographic location, competition in the market, the presence of other NerdsToGo locations, the quality of management, the effectiveness of sales and marketing and the prices charged for products and services sold at the location. Further, the Franchise Agreement to which each franchisee included in this analysis is subject is different from the Franchise Agreement attached to this DISCLOSURE DOCUMENT as Exhibit B. Among other terms, the Franchise Agreement attached to this DISCLOSURE DOCUMENT requires an initial franchise fee of \$49,750 and a continuing Service Fee of 8% on Service Revenue and 2% on Product Revenue. This analysis, therefore, should only be used as a reference for you to use in conducting its own analysis.

Contribution of B2B “Nerd Assure” Program

In September 2021, we launched our business-to-business (“B2B”) focused NerdAssure program. This program provides remote monitoring and other services for B2B customers and focuses on longer-term recurring monthly charges for these services. As of December 31, 2022, 19 locations had opted in to the NerdAssure Program. For the period between January 1, 2022 and December 31, 2022, the average monthly recurring revenue per location from the NerdAssure program was \$7,104 (6 or 31.6% of which met or exceed that average), with a median revenue per location of \$5,483. The lowest revenue reported was \$1,716 and the highest reported revenue was \$28,838.

Finally, you should particularly note the following:

You are urged to consult with appropriate financial, business, and legal advisors in connection with the information set forth in this analysis.

Some NerdsToGo locations have earned this amount. Your individual results may differ.

There is no assurance that you will earn as much.

Substantiation of the data used in preparing this analysis will be made available upon reasonable request.

Except for the representations above, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting the Franchise Development Department at 2542 Highlander Way, Carrollton, Texas 75006, 214-346-5600, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
System wide Outlet Summary For Years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	25	25	0
	2021	25	30	+5
	2022	30	32	+2
Company-Owned*	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	26	26	0
	2021	26	31	+5
	2022	31	33	+2

*The company-owned outlet is operated by our affiliate, NTG, in Guilford, Connecticut.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
South Carolina	2020	0
	2021	0
	2022	1
Texas	2020	0
	2021	1
	2022	2
Total	2020	0
	2021	1
	2022	3

Table 3
Status of Franchised Outlets for Fiscal Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Alabama	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
California	2020	0	2	1	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Colorado	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
Florida	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Iowa	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Kentucky	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Massachusetts	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nevada	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

New Hampshire	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	1	0	0	0	1
New Jersey	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
North Carolina	2020	1	0	0	0	0	0	1
	2021	1	3	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Oregon	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Pennsylvania	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	8	0	0	0	0	1	7
	2021	7	1	1	0	0	0	7
	2022	7	0	0	0	0	0	7
Virginia	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Washington	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Totals	2020	25	4	2	0	0	2	25
	2021	25	8	3	0	0	0	30
	2022	30	4	2	0	0	0	32

Table 4
Status of Company-Owned Outlets for Fiscal Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Connecticut	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

Table 5
Projected Openings as of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	1	0
Georgia	0	1	0
Florida	0	2	0
Illinois	0	1	0
Louisiana	1	0	0
Michigan	0	1	0
New Jersey	0	1	0
Ohio	0	1	0
Pennsylvania	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
Texas	0	2	0
Washington	0	1	0
Totals	1	15	0

Current Franchisees

Exhibit G contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit G contains the name, city and state, and 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 the fiscal year ending December 31, 2022, or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

Confidentiality Clauses

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with NerdsToGo. 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.

Franchisee Organizations

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

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Item 21
FINANCIAL STATEMENTS

The financial statements listed below are attached to this Disclosure Document as Exhibit “E”.

Audited balance sheet for Propelled Brands Franchising, LLC as of December 31, 2022, 2021, and 2020 and related statements of income, changes in members’ equity and cash flows for the years then ended.

Propelled Brands Franchising, LLC absolutely and unconditionally guarantees the performance of all the obligations of GTN Capital Group, LLC under any fully-executed franchise agreement and related agreements referred to in this Disclosure Document (see Exhibit E-1 to the Financial Statements).

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Rider to Lease Agreement
- D. Form of General Release
- H. Conversion Promissory Note
- J. State Addenda to Franchise Agreement

Item 23

RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all the following states in accordance with the applicable state law. When we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Department of Financial Protection and Innovation 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 866-275-2677	Department of Financial Protection and Innovation 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 866-275-2677
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62701 (217) 782-4465	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62701 (217) 782-4465
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

Michigan	Unit Office of Attorney General Consumer Protection Division Antitrust and Franchise G. Mennen Williams Bldg., 1st Floor 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117	Michigan Department of the Attorney General G. Mennen Williams Bldg., 1st Floor 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117
Minnesota	Minnesota Department of Commerce Franchise Division 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
New York	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	Office of Securities Commission Franchise Division State Capitol – 5th Floor 600 East Boulevard Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner State of North Dakota State Capitol – 5th Floor 600 East Boulevard Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 69-1 Cranston, RI 02920-4407 (401) 462-9527	Director of the Department of Business Regulation 1511 Pontiac Avenue Building 69-1 Cranston, RI 02920-4407 (401) 462-9527
South Dakota	Department of Labor and Regulation Division of Securities 124 S. Euclid, Second Floor Pierre, SD 57501 (605) 773-3563	Department of Labor and Regulation Division of Securities 124 S. Euclid, Second Floor Pierre, SD 57501 (605) 773-3563
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division 150 Israel Road SW – 3rd Floor Tumwater, WA 98501 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW, 3rd Floor Tumwater, WA 98501 (360) 902-8760

Wisconsin	Office of the Commissioner of Securities Department of Financial Institutions 201 West Washington Ave. Madison, WI 53703 (608) 266-0448	Commissioner of Securities 201 W. Washington Ave. Madison, WI 53703 (608) 261-7577
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EXHIBIT B
FRANCHISE AGREEMENT

GTN CAPITAL GROUP LLC
FRANCHISE AGREEMENT

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1. Franchisee	
2.	
3. Location Number	

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FRANCHISE AGREEMENT

This Agreement is made between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”), and Franchisee effective as of the date signed by GTN (the “Effective Date”).

Background Statement:

A. GTN and its affiliate Nerds To Go, Inc. have created and own a system (the “System”) for developing and operating a technology repair and service business under the trade name “NerdsToGo”.

B. The System includes (1) methods, procedures, and standards for developing and operating a NerdsToGo business, (2) plans, specifications, equipment, signage, and trade dress for NerdsToGo franchises, (3) products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by GTN from time to time.

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

Section 1. DEFINITIONS

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

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by GTN.

“**Competitor**” means any business offering computer and technology repair or service.

“**Confidential Information**” means all non-public information of or about the System, GTN, and any NerdsToGo business, including all methods for developing and operating the Location, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

“**Gross Product Sales**” means all Gross Sales of physical products by Franchisee.

“**Gross Service/Software Sales**” means all Gross Sales of services or software by Franchisee and includes all sales which are not categorized as Gross Product Sales. GTN has sole discretion to determine whether any sale (or any portion of a sale) is categorized as a Gross Service/Software Sale or a Gross Product Sale.

“**Gross Sales**” means the total dollar amount of all sales generated through the Location for a given period, including, but not limited to, payment for any services or products sold by

Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, or (iii) sales of used equipment not in the ordinary course of business.

“Input” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Location.

“Location” means the NerdsToGo location owned by Franchisee and operated under this Agreement.

“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 GTN’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 GTN’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“Marketing Fund” means the fund established by GTN into which Marketing Fund Contributions are deposited.

“Marks” means the trade name and logo contained on the Summary Page, and all other trade names, Marks, service marks and logos specified by GTN from time to time for use in a NerdsToGo business.

“NerdAssure” is GTN’s managed services offering. NerdAssure consists of a variety of integrated services including software and technology components that will proactively monitor the customers’ IT infrastructure, help detect problems and provide remote control access. Additionally, NerdAssure provides proactive technical support, reactive end-user technical support and activity management, and the business continuity solutions provide back-up and disaster recovery and account management support. NerdAssure provides reports on performance optimization of the customers’ systems regardless of whether the customers’ technology is premised-based, in the cloud or a combination (hybrid). The revenue generated from NerdAssure each month will be recurring revenue for the Franchisee.

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

“Professional Services Automation Software” is GTN’s software system which Franchisee shall use to operate, record and manage all business operational activity.

“Remodel” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment,

décor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new NerdsToGo business.

“Required Vendor” means a supplier, vendor, or distributor of Inputs which GTN requires franchisees to use.

“System Standards” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by GTN, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days and hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and Internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“Territory” means the location of Franchisee’s Location or Conversion Franchise (as applicable) as stated on **Exhibit “2”**.

“Transfer” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Location, (ii) this Agreement, (iii) any direct or indirect ownership interest in Franchisee; or (iv) control of the Location.

Section 2. GRANT OF LICENSE

2.1 GRANT. Franchisee has applied for a franchise to license and operate a NerdsToGo franchise at the site identified on **Exhibit “2”**. Subject to this Agreement’s terms, GTN grants Franchisee a NerdsToGo franchise to operate at the Location, and to use the System in its operation, for a Term beginning on the Effective Date and expiring ten (10) years from that date, unless sooner terminated as provided herein. Franchisee may use the Location only for the NerdsToGo franchise. Franchisee always agrees to perform Franchisee’s obligations faithfully, honestly, and diligently under this Agreement and to use Franchisee’s best efforts to promote the Location.

There are no restrictions in this Agreement that prevent Franchisee from soliciting business outside of Franchisee’s Territory, but Franchisee does not have the right to use other channels of distribution to make sales outside of Franchisee’s Territory. There are also no restrictions that prohibit Franchisor or any other franchisee from soliciting business within Franchisee’s Territory. Franchisee should focus on soliciting business in Franchisee’s Territory.

2.2 PROTECTED PROPERTY. After Franchisee selects an approved site and GTN designates it as the Location, GTN will designate and describe Franchisee’s Territory in

Exhibit “2”. The size of the Territory shall be determined in our sole discretion. The Territory encompasses an area sufficient to include a count of a minimum of one hundred thousand (100,000) people. GTN may re-determine the size of Franchisee’s Territory if there is an increase of least ten percent (10%) in the people count in the Territory and locate another NerdsToGo franchise in Franchisee’s former Territory. Franchisee’s remaining Territory will contain at least one hundred thousand (100,000) people businesses.

(i) Exclusivity. Except as expressly limited by Subsection 2.2 above, GTN and its affiliates retain all rights with respect to NerdsToGo franchises, the Marks, the sale of similar or dissimilar products and services, and any other activities that GTN deems appropriate. Specifically, but without limitation, GTN reserves the following rights: (i) the right to operate, or franchise others to operate, similar or competitive businesses located inside or outside the Territory under trademarks or service marks other than the Marks;

(ii) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default;

(iii) serve (or authorize other franchisees to serve) a particular customer in the Territory (A) if Franchisee is not available to service the call within the time requirements we specify, (B) if the customer makes a special request which GTN elects to honor, (C) GTN determines it necessary based on the experience and skills necessary to perform the requested services, or (D) the customer is a national account or regional account customer and Franchisee is not participating in the account program for the customer.

(iv) the right to operate, or franchise others to operate, other dissimilar businesses located inside or outside the Territory under trademarks or service marks other than the Marks;

(v) the right to sell products or services anywhere that are like those sold by NerdsToGo franchises, but under trademarks or service marks other than the Marks;

(vi) the right to sell products and services anywhere that are like those sold by NerdsToGo franchisees, which products and services are sold under the Marks but through dissimilar distribution channels (including without limitation via the general or specialty retailers, the Internet or other electronic media);

(vii) the right to sell products and services anywhere that are dissimilar from those sold by NerdsToGo franchises, but under the Marks or any other trademarks or service marks;

(ix) the right to operate, and to grant others the right to operate NerdsToGo franchises located anywhere outside the Territory;

(x) the right to acquire the assets or ownership interests of one (1) or more businesses providing products and services similar to those provided at NerdsToGo franchises, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

(xi) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at NerdsToGo franchises, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory.

2.3 FRANCHISEE CONTROL. Franchisee represents that **Exhibit “1”** (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each Owner’s interest in Franchisee. If any information on **Exhibit “1”** changes (which is not a Transfer), Franchisee shall notify GTN within ten (10) days.

Franchisee agrees that the person designated as the “Principal Executive” is the executive primarily responsible for the Location and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least ten percent (10%) ownership interest in Franchisee. The Principal Executive must devote full-time and attention to the Location. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Location, Franchisee shall promptly designate a new Principal Executive subject to GTN’s reasonable approval, or designate a Key Designated Employee as described below.

If Franchisee or Franchisee’s Principal Executive chooses not to give their full time, best efforts and constant personal attention to the operation of the Location, Franchisee will designate, in writing, an individual (the “**Designated Manager**”) who must be pre-approved by GTN, and who will be responsible for the day-to-day operations of the Location. The Designated Manager must sign by the Key Management Employee Designation form attached to this Agreement as **Exhibit “7”**. The Designated Manager will devote his or her full time, best efforts and constant personal attention to the day-to-day operations of the Location in the event Franchisee or Franchisee’s Principal Executive do not participate in the full-time operation of the Location. The Designated Manager must sign the Confidentiality and Non-Compete Agreement attached as **Exhibit “9”**.

GTN may require that Franchisee’s Designated Manager cease to act in such capacity if he or she does not satisfactorily complete GTN’s initial and ongoing training programs. If at any time the Designated Manager is not able to continue to serve in such capacity or no longer qualifies to act as Designated Manager, Franchisee will promptly notify GTN and shall designate a replacement Designated Manager within thirty (30) days. Should a replacement be required for the Designated Manager, the replacement will be required to attend and complete training.

2.4 GUARANTY. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to GTN, in the form of **Exhibit "5"**.

2.5 NO CONFLICT. Franchisee represents to GTN that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, and (ii) are not a direct or indirect Owner of any Competitor.

Section 3. TERM

3.1 TERM. This Agreement commences on the Effective Date and continues for ten (10) years.

3.2 YOUR RIGHT TO ACQUIRE A RENEWAL FRANCHISE.

If Franchisee meets certain conditions, then Franchisee will have the option to acquire one (1) renewal term ("Term"). The renewal Term will be ten (10) years. The qualifications and conditions for the renewal Term are described below.

When this Agreement expires:

- (i) Franchisee notifies GTN of the election to renew no more than three hundred sixty- five (365) days and no less than two hundred forty (240) days prior to the end of the Term;
- (ii) Franchisee (and its affiliates) is in compliance with this Agreement and all other agreements with GTN (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a time acceptable to GTN) renovations and changes to the Location as GTN requires (including a Remodel of a Local Service Center Model, if applicable) to conform to the then- current System Standards;
- (iv) Franchisee and its Owners execute GTN's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), provided in lieu of the initial franchise fee, Franchisee will pay a renewal fee in an amount equal to no more than fifteen percent (15%) of the initial franchise fee being charged to new franchisees under the NerdsToGo System and will not receive more renewal terms than described in this Subsection; and
- (v) Franchisee and each Owner executes a general release (on GTN's then-standard form) of any claims against GTN, its affiliates, and their respective Owners, officers, directors, agents and employees.

Section 4. FEES

4.1 INITIAL FRANCHISE FEE. Upon signing this Agreement, Franchisee shall pay GTN a nonrecurring and non-refundable initial franchise fee in the amount of _____ dollars (\$_____). This initial franchise fee is due, and fully earned by GTN when Franchisee signs this Agreement.

4.2 ROYALTY FEE. Gross Sales of the Location shall be reported monthly to GTN through the Computer System by fifth (5th) day of the following month. Franchisee agrees to pay GTN, in the manner described below, (or as the Operations Manual otherwise prescribes), a monthly fee royalty fee equal to four percent (4%) of Gross Service/Software Sales and one percent (1%) of Gross Product Sales (“Reduced Royalty Fee”) for the first twelve (12) months that the Location is open. Beginning the thirteenth (13th) month through the end of the Term of the Agreement, Franchisee shall pay GTN a monthly royalty fee equal to the greater of one thousand dollars (\$1,000) or eight percent (8%) of Gross Service/Software Sales and two percent (2%) of Gross Product Sales (“Royalty Fee”). The Royalty Fee for any given month is due to GTN immediately after the royalty report is received by GTN from the Computer System.

4.3 REDUCED ROYALTY FEE. Franchisee must be in “Good Standing” (as described in Subsection below) to be eligible for the Reduced Royalty Fee described above each month during the first twelve (12) months the Location is open. If Franchisee is not in “Good Standing” at any time during this twelve (12) month period, the monthly Reduced Royalty Fee will increase to the Royalty Fee of eight percent (8%) of Gross Service/Software Sales and two percent (2%) of Gross Product Sales in addition to all other remedies available to GTN.

4.4 TECHNOLOGY FEE. Franchisee shall pay GTN a monthly fee of one hundred seventy-five dollars (\$175) (the “Technology Fee”) due on the fifth (5th) day of the month for use of GTN’s backend system known as “NerdNet”. As of the date of this Agreement, the Technology Fee includes NerdNet, four (4) email addresses and a site license for GTN’s Professional Services Automation (“PSA”) software for up to four (4) users per site. If you choose to have more than four (4) users per site, each additional user will be at a cost of \$35.00 per user. GTN reserves the right to modify NerdNet and its functionality at any time, in GTN’s sole discretion. GTN may increase the Technology Fee in its reasonable discretion. GTN will provide Franchisee with one hundred eighty (180) days’ prior notice of GTN’s decision to increase the Technology fee. GTN may charge extra for additional email addresses and licenses.

4.5 NERDASSURE. Franchisee shall pay to GTN a fee for the NerdAssure Managed Services Remote Monitoring and Management (RMM) Software agents used directly or indirectly by the Franchisee. Currently, the fee paid to Franchisor is six dollars (\$6) per RMM agent per month depending on volume and may change from time to time. Franchisee must purchase a minimum of five (5) RMM licenses. To maintain consistency and integrity of Franchisor’s managed services solution, all core remote monitoring and management software agents must be purchased from and are payable to GTN.

4.6 MARKETING FUND CONTRIBUTIONS. Franchisee shall pay GTN a contribution to the Marketing Fund (the “Marketing Fund Contribution”). Franchisee agrees to contribute to

the Marketing Fund one percent (1%) (“Reduced Marketing Fund Contribution”) of the Location’s Gross Sales for the first twelve (12) months the Location is open, payable in the same manner as the Royalty Fee. Beginning the thirteenth (13th) month through the end of the term of the Agreement, Franchisee agrees to contribute to the full Marketing Fund Contribution of two percent (2%) of the Location’s Gross Sales (“Marketing Fund Contribution”).

4.7 REDUCED MARKETING FUND CONTRIBUTION. Franchisee must be in “Good Standing” (as described below) with the Agreement to be eligible for the Reduced Marketing Fund Contribution described above during the first twelve (12) months the Location is open. If Franchisee is not in “Good Standing” at any time during this twelve (12) month period, the monthly Reduced Marketing Fund Contribution will increase to the Marketing Fund Contribution of two percent (2%) in addition to all other remedies available to us.

4.8 REPLACEMENT/ADDITIONAL TRAINING FEE. If Franchisee sends an employee to GTN’s training program after opening, or if in GTN’s judgment any trainee fails to successfully complete any part of the training program the trainee must repeat that portion of the training program until successful completion of all portions, at Franchisee’s expense. Franchisee is responsible for arranging and paying the expenses for transportation, meals and lodging while attending the training program. GTN may charge its then-current training fee. As of the date of this Agreement, the training fee is six hundred dollars (\$600) per person per day.

4.9 NON-COMPLIANCE FEE. GTN may charge Franchisee one thousand dollars (\$1,000) for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to GTN). If such non-compliance is ongoing, GTN may charge Franchisee two hundred fifty (\$250) per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of GTN’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all GTN’s other rights and remedies (including default and termination under Subsection 14.1).

4.10 DESIGN PLAN FEE. Before Franchisee opens the Location, Franchisee must pay GTN a non-refundable fee of \$500 for a preliminary space plan drawing for the Location. The design plan drawings do not include electrical, plumbing, mechanical engineering services, Title 24 or other requirements of the state or municipality, and the plans are not sealed by an architect.

4.11 REIMBURSEMENT. GTN may (but is never obligated to) pay on Franchisee’s behalf any amount that Franchisee owes to a supplier or other third party. If GTN does so or intends to do so, Franchisee shall pay such amount plus a ten percent (10%) administrative charge to GTN within fifteen (15) days after invoice by GTN accompanied by reasonable documentation.

4.12 PAYMENT TERMS.

(a) Method of Payment. Before the Location opens, Franchisee agrees to sign and deliver to GTN the documents GTN requires (including **Exhibit “4”**) to authorize GTN to debit Franchisee’s checking account for the Location automatically for the Royalty Fee, Nerd Net Fee, Marketing Fund Contribution, and any other amounts due under this Agreement and for

Franchisee's purchases from GTN, and GTN's affiliates (the "Electronic Funds Transfer Account" or "EFTA"). GTN will debit the EFTA for these amounts on their due dates. Franchisee agrees to ensure that funds are available in the EFTA to cover GTN's withdrawals.

(b) Calculation of Fees. Gross Sales of the Location shall be reported monthly to GTN through the Location Computer System by fifth (5th) day of the following month. If Franchisee fails to report monthly Gross Sales on-time, then a) GTN may charge two hundred fifty dollars (\$250) per week until the report is made, and b) GTN may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to greater of (i) one thousand dollars (\$1,000) or (ii) one hundred twenty-five percent (125%) of the last Gross Sales reported to GTN, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that GTN has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on-time, Franchisee shall pay a two hundred fifty dollars (\$250) "late fee". All amounts which Franchisee owes GTN for any reason, will bear interest accruing as of their original due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. GTN may debit Franchisee's bank account for the Location automatically for late fees and interest. Franchisee acknowledges that this Subsection is not GTN's agreement to accept any payments after they are due or GTN's commitment to extend credit to, or otherwise finance Franchisee's operation of the Location.

(d) Insufficient Funds. If there are insufficient funds in the EFTA to cover any such amount owed (or, if Franchisee is paying by check and a check is returned for insufficient funds), Franchisee stops payment on the EFTA (or check), closes the EFTA, or requests GTN not to process the EFTA GTN will charge Franchisee a processing fee as prescribed in the Manual per withdrawal or amount to compensate GTN for GTN's additional administrative expenses. This amount is currently one hundred dollars (\$100), but is subject to change. GTN may require Franchisee to pay any amounts due under this Agreement or otherwise by means other than automatic debit (e.g., by check) whenever GTN deems appropriate, and Franchisee agrees to comply with GTN's payment instructions.

(e) Costs of Collection. Franchisee shall repay any costs incurred by GTN (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

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

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

4.13 GOOD STANDING. Franchisee must be in “Good Standing” (as described below) with the Agreement to be eligible for the Reduced Royalty Fee and the Reduced Marketing Fund Contribution for the first twelve (12) months the Location is open for business (as described above). If Franchisee is not in “Good Standing” at any time during this twelve (12) month period, the monthly Reduced Royalty Fee and the Reduced Marketing Fund Contribution will increase to the full Royalty Fee and Marketing Fund Contribution (described above).

4.14 DEFINITION OF GOOD STANDING. The term “Good Standing” means that Franchisee does not owe any Royalty Fees, Marketing Fund Contributions, Technology Fees, or any other monetary obligations to GTN more than thirty (30) days and Franchisee is following all of Franchisee’s other obligations under the Agreement and any other agreement with GTN, including timely reporting of Gross Sales. Franchisee is not in “Good Standing” if Franchisee makes partial payments to GTN, but still has amounts outstanding in excess of thirty (30) days.

Section 5. ASSISTANCE

5.1 MANUAL. GTN shall make its Manual available to Franchisee.

5.2 ASSISTANCE IN HIRING EMPLOYEES. GTN shall provide its minimum staffing levels to Franchisee. GTN shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee’s sole responsibility.

5.3 ASSISTANCE IN TRAINING EMPLOYEES. GTN shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

5.4 PRE-OPENING ASSISTANCE.

(a) Selecting a Location. GTN shall provide its site selection criteria for NerdsToGo locations to Franchisee. GTN will review and advise Franchisee regarding potential sites submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period after the Effective Date, GTN shall provide Franchisee with (i) GTN’s sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as GTN deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) GTN’s lists of Approved Vendors and/or Required Vendors.

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

(d) Pre-Opening Training. GTN shall make available its standard pre-opening training to the Principal Executive and up to three other employees, at GTN’s headquarters and at a NerdsToGo franchise designated by GTN. GTN shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses.

GTN reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program. GTN reserves the right to convert certain content or all the content of the traditional classroom training to live instructor led virtual training. The pre-opening training is to protect and maintain the System Standards (defined) below and the Marks are not to control the day-to-day operation of Franchisee's Location. Franchisee, Franchisee's Principal Executive and Owners agree to sign **Exhibit "6"** to this Agreement to acknowledge this.

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

5.5 POST-OPENING ASSISTANCE.

(a) Advice, Consulting, and Support. If Franchisee requests, GTN will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's Location, and resolving operating problems Franchisee encounters, to the extent GTN deems reasonable. If GTN provides in-person support in response to Franchisee's request, GTN may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing on-site support).

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

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

(d) Marketing. GTN shall manage the Marketing Fund.

(e) Internet. GTN shall maintain a website for NerdsToGo, which will include Franchisee's Location (or Territory).

Section 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 DETERMINING LOCATION AND TERRITORY. Franchisee agrees to obtain GTN's written approval of the Location's proposed site before signing any lease, sublease, or other document for the site. GTN will use reasonable efforts to help analyze Franchisee's market area, to help determine site feasibility, and to assist in designating the site, although GTN will not conduct site selection activities for Franchisee. GTN will not unreasonably withhold GTN's approval of a site that meets GTN's criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; visibility and the proposed site's size, appearance, and other physical characteristics.

At GTN's discretion, GTN will select a local broker to assist Franchisee in locating potential sites that satisfy GTN's criteria. Franchisee agrees to send GTN a description of the proposed sites within twelve (12) weeks after the Effective Date of this Agreement, including a

summary of the items listed above or other evidence confirming Franchisee's favorable prospects for obtaining each of the proposed sites. Upon GTN's approval of a site, and after Franchisee secures the site, GTN will insert its address into **Exhibit "2"** and it will be the Location. Franchisee may operate the Location only at the designated site.

Once Franchisee has an executed letter of intent for the contract of sale or lease, Franchisee must obtain a site survey for accurate dimensions and conditions of the Location premises to provide to GTN for approval. The site survey can be provided to GTN by Franchisee, a third-party site survey company, or the landlord. The landlord site survey must be provided in a CAD file that is field verified to confirm "as built" conditions. Any lease for the premises must include "Franchisor's Required Lease Terms" containing substantially the terms and provisions listed into the franchise agreement (unless we agree otherwise in writing)

Franchisee acknowledges and agrees that, if GTN recommends or gives Franchisee information regarding a site for the Location, that it is not a representation or warranty of any kind, express or implied, of the Location's success for a NerdsToGo franchise or any other purpose. GTN's recommendation indicates only that GTN believes that the site meets GTN's then acceptable criteria.

6.2 LEASE. Franchisee must sign a lease or sublease for the Premises (the "**Lease**") within sixteen (16) weeks after the Effective Date of this Agreement. GTN has the right to approve the terms of the Lease before Franchisee signs it. The Lease must be in a form acceptable to GTN and must contain certain required terms and provisions (although GTN will not directly negotiate Franchisee's Lease or provide legal advice regarding Franchisee's Lease), including, but not limited to those listed "Franchisor's Required Lease Terms" to the lease in the form required by GTN. Franchisee must sign the Lease Acknowledgement of Understanding acknowledging that GTN does not provide legal advice regarding new location leases, lease renewals or lease amendments as stated in **Exhibit "3"**.

Franchisee acknowledges that GTN's approval of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a NerdsToGo franchise operated at the Location. GTN's approval indicates only that GTN believes that the site and the Lease's terms meet GTN's then acceptable criteria. Franchisee must deliver to GTN a signed copy of the Lease within ten (10) days after its execution.

If the Lease expires or is terminated without Franchisee's fault, or if the site for the Location is destroyed, condemned, or otherwise rendered unusable, GTN will allow Franchisee to relocate the Location to a new site acceptable to GTN. Any relocation will be at Franchisee's sole expense, and GTN may charge Franchisee for the reasonable costs GTN incurs, plus a reasonable fee (as set forth in the Manual) for GTN's services, in connection with any relocation of the Location. Any relocation will be subject to the provisions of this Subsection 6.2.

Franchisee is not permitted to operate the Location under a month-to-month lease without GTN's prior written approval. If Franchisee is purchasing the site for the Location, Franchisee must submit the contract of sale to GTN for approval prior to Franchisee signing it and Franchisee must deliver to GTN a signed copy of the contract of sale within ten (10) days after execution.

6.3 DEVELOPMENT. Franchisee shall construct (or Remodel) and finish the Location in conformity with GTN's System Standards (including all System Standards for store layout and design). GTN will provide Franchisee with a preliminary space plan in exchange for the Design Fee, which will include a rendering that shows the location of walls, millwork, nerd lab, paint colors and Franchisee's office. These drawings do not provide electrical, plumbing; mechanical engineering services or Title 24 or legal matters (including without limitation the Americans with Disabilities Act), plans are not sealed by an architect nor can be used for permitting purposes. If permits are required, Franchisee must engage a local architect or general contractor. Franchisee shall not begin any construction or remodeling work without first obtaining GTN's approval of Franchisee's plans. GTN may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. GTN's inspection and/or approval to open the Location are not a representation or a warranty that the Location has been constructed in accordance with any architectural, engineering, or legal standards.

6.4 NEW FRANCHISEE TRAINING. Franchisee's Principal Executive, Designated Manager (if applicable) and at least one (1) Nerd technology expert ("Technology Expert") must attend and complete GTN's training program for new franchisees to GTN's satisfaction at least four (4) weeks before opening the Location. GTN recommends that the technology specialist ("Technology Specialist") attend training.

6.5 CONDITIONS TO OPENING.

Franchisee agrees not to open the Location until:

GTN notifies Franchisee in writing that the Location meets GTN's standards and specifications (although GTN's acceptance is not a representation or warranty, express or implied, that the Location complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of GTN's right to require continuing compliance with GTN requirements, standards, or policies);

Franchisee's required attendees satisfactorily complete training as described in Subsection 6.4 of this Agreement;

Franchisee pays the initial franchise fee and other amounts then due to GTN;

Franchisee pays for the equipment, furniture, and fixtures package then due to GTN;
and

Franchisee gives GTN certificates for all required insurance policies.

Subject to Franchisee's compliance with these conditions, Franchisee agrees to open the Location within three hundred sixty-five (365) days after the Effective Date. Franchisee agrees to operate and supervise the Location and devote Franchisee's full-time, best efforts and constant personal attention to the day-to-day operations of the Location.

If Franchisee fails to sign a Lease for the Location within one sixteen (16) weeks after the Effective Date or if Franchisee fails to open the Location within three hundred sixty-five (365) days after the Effective Date, GTN has the right to terminate this Agreement (see 14.1).

6.6 OPENING DATE. Franchisee shall open the Location to the public within three hundred sixty-five (365) days from the Effective Date.

Section 7. OPERATIONS

7.1 COMPLIANCE WITH MANUAL AND SYSTEM STANDARDS. Franchisee shall always and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

7.2 COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES. Franchisee will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Location and operate the Location in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to wage and hour laws, the Equal Employment Opportunity Commission, the National Labor Relations Act, the Fair Labor Standards Act, Family and Medical Leave Act, occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. Franchisee is solely responsible for the safety and well-being of Franchisee's employees and the customers of the Location. It is Franchisee's responsibility to make sure that Franchisee follows all laws that are applicable to the Location's management system or other technology used in the operation of the Location, including data protection or security laws as well as PCI compliance. All advertising and promotion by Franchisee must be completely factual and must conform to the highest standards of ethical advertising. The Location must in all dealings with its customers, suppliers, GTN and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practices which may be injurious to GTN's business, and the goodwill associated with the Marks and other NerdsToGo franchises. Franchisee must notify GTN in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which may adversely affect Franchisee's operation or financial condition or that of the Location and of any notice of violation of any law, ordinance, or regulation relating to the Location.

7.3 OFFERINGS AND SERVICES. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by GTN in the Manual or otherwise in writing. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that GTN may require. Franchisee shall perform all services in the manner prescribed by GTN. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards.

7.4 PRICES. GTN may require Franchisee to offer products and services at specific prices determined by GTN if GTN is promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law).

7.5 PERSONNEL.

(a) Management. The Location must always be under the on-site supervision of the Principal Executive or a Designated Manager who has completed GTN's training program.

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

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

(d) Qualifications. GTN may set minimum qualifications for categories of employees employed by Franchisee.

(e) Background Checks. Franchisee must obtain background checks on all employees as further described in applicable System Standards.

(f) Drivers. Franchisee shall ensure that any employee who drives a vehicle for the Location is properly licensed and meets all System Standards applicable to drivers.

(g) Staffing. Franchisee must all times employ:

(i) Owner. One (1) Owner engaged full-time in management, operations, and sale/business development;

(ii) Technology Expert. At least one (1) person (other than an Owner) as a full-time Technology Expert; and

(iii) Technology Specialist. At least one (1) person (other than an Owner) as a full-time Technology Specialist to answer phone calls, dispatch Technology Experts, interact with customers and support business development activities such as scheduling or other outbound support.

(h) Sales Representative. Franchisee must engage a full-time sales representative by Franchisee's twelfth (12th) month of operation.

7.6 POST-OPENING TRAINING. GTN may require that the Principal Executive attend and complete satisfactorily various training courses that GTN periodically chooses to provide at the times and locations GTN designates. At Franchisee's option and expense, Franchisee may send previously trained and experienced employees to these training courses. GTN may charge reasonable registration fees for these courses to defray costs. Besides attending these courses, Franchisee agrees to attend a designated franchise convention of all NerdsToGo franchisees at a location GTN selects at least once every three (3) years. Franchisee agrees to pay all registration fees, charges, and costs to attend. In addition, Franchisee agrees to pay all

travel and living expenses that Franchisee and Franchisee's employees incur during all training courses and programs.

Franchisee understands and agrees that any specific ongoing training or advice GTN provides does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all which GTN may discontinue and modify from time to time.

7.7 SOFTWARE. Without limiting the generality of Subsection 7.1 or Subsection 8.1, Franchisee shall obtain and use computer hardware and operating software GTN specifies from time to time (the "Computer System"). Franchisee shall enter into any subscription and support agreements that GTN may require. Franchisor may modify specifications for components of the Computer System. Franchisee also agrees to use the email system and address GTN specifies.

GTN may modify specifications for and components of the Computer System. GTN's modification of specifications for the Computer System and/or other technological developments or events might require Franchisee to purchase, lease, and/or license new or modified computer hardware and/or software and obtain service and support for the Computer System. Although GTN cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining Term, Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. GTN has no obligation to reimburse you for any Computer System costs. Within ninety (90) days after Franchisee receives notice from GTN, Franchisee agrees to obtain the Computer System components that GTN designates and to ensure that Franchisee's Computer System, as modified, is functioning correctly.

Even though Franchisee agrees to buy, use, and maintain the Computer System according to GTN's standards and specifications, Franchisee will have sole and complete responsibility for (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) how Franchisee's Computer System interfaces with GTN's and any third party's computer system; (3) any consequences if the Computer System is not properly operated, maintained, and upgraded; and (iv) protect the confidentiality and security of the Computer System and abide by any System Standards related to it.

Franchisee shall give GTN unlimited access to Franchisee's point-of-sale system and other software systems used in the Location by any means designated by GTN.

Franchisee understands and agrees Franchisee shall operate, record, and manage all operational business activity through the PSA software. The monthly fee for the PSA software is included in the Technology Fee payable to GTN. Franchisee must utilize the PSA software for, among other things, the management of NerdAssure, scheduling of all sales appointments, customer service and repair history, and technician scheduling. In addition, Franchisee must purchase and maintain additional general third- party software licenses, such as QuickBooks. These specific licenses may change from time to time as the vendors upgrade/modify their software. GTN does not make any warranties or guaranties upon which Franchisee may rely and assumes no liability or obligation to Franchisee for any third-party software.

In order to maintain the consistency and the integrity of GTN's managed services solution, NerdAssure, all core remote monitoring and management software agents must be purchased from and are payable to GTN.

GTN's managed services solution, NerdAssure, consists of integrated services including technology that proactively monitors the customers' IT infrastructure, helps detect problems, and provides remote control access. Additionally, it provides proactive technical support, reactive end-user technical support and activity management, and the business continuity solutions provide back-up disaster recovery and account management support. NerdAssure provides reports on performance optimization of customers' systems regardless of whether the customers' technology is premised-based, in the cloud or a combination (hybrid). Franchisee may charge any price for NerdAssure managed services, but Franchisee must use GTN's form of Contract and Terms and Conditions. Franchisee may modify the GTN's Contract or Terms and Conditions or create its own contract or own terms and conditions, with the prior written approval from GTN.

7.8 CUSTOMER COMPLAINTS. Franchisee shall use its best efforts to promptly resolve any customer complaints. GTN may take any action it deems appropriate to resolve a customer complaint regarding the Location, and GTN may require Franchisee to reimburse GTN for any expenses.

7.9 EVALUATION AND COMPLIANCE PROGRAMS. Franchisee shall participate at its own expense in programs required from time to time by GTN for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. GTN shall share with Franchisee the results of these programs, as they pertain to the Location. Franchisee must meet or exceed any minimum score requirements set by GTN for such programs. GTN may set minimum scores that Franchisee must receive from the public on Internet review sites (such as Yelp or Google).

7.10 PAYMENT SYSTEMS. Franchisee shall accept payment from customers in any form or manner designated by GTN (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 all business relationships necessary to accept payments as required by GTN. Franchisee must always comply with payment card industry data security standards (PCI-DSS).

7.11 GIFT CARDS, LOYALTY PROGRAMS, AND INCENTIVE PROGRAMS. At Franchisee's expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by GTN, in the manner specified by GTN in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre- paid systems, regardless of whether issued by Franchisee or another NerdsToGo franchise. Franchisee shall comply with all procedures and specifications of GTN

related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription programs, or customer incentive programs.

7.12 MAINTENANCE AND REPAIR. Franchisee shall always keep the Location in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Location as GTN may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn-out signage, floor coverings, furnishings, equipment, and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

7.13 REMODELING. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, if the Location is a Local Service Center Model, GTN may require Franchisee to undertake and complete a remodel of the Location to GTN's satisfaction. Franchisee must complete the remodel in the time frame specified by GTN. GTN may require the Franchisee to submit plans for GTN's reasonable approval prior commencing a required remodel. GTN's right to require a remodel is limited as follows: (i) the remodel will not be required in the first two (2) or last two (2) years of the Term (except that a remodel may be required as a condition to renewal of the Term or a Transfer), and (ii) a remodel will not be required more than once every five (5) years from the date on which Franchisee was required to complete the prior remodel.

7.14 VEHICLES. Franchisee shall purchase or lease at least the number of vehicles specified by GTN. Franchisee shall ensure that all vehicles operated by the Location comply with System Standards for make and model, paint color, vehicle graphics and décor, required equipment, and any other System Standards of GTN. Without limiting the generality of the foregoing, all of Franchisee's vehicles must be of the same make and model. Franchisee shall keep all vehicles in excellent or better repair, clean, and free of dents and other damage, and shall ensure that the vehicles present a first-class image appropriate to the NerdsToGo System.

7.15 INSURANCE. During the Term of this Agreement Franchisee must maintain in force at Franchisee's sole expense comprehensive public liability, general liability, product liability and motor vehicle liability, employee practices liability, cyber security liability and insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Location's operation, all containing the minimum liability coverage GTN prescribes from time to time. GTN may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name GTN and any affiliates GTN designates as additional named insureds (as permitted by applicable law) and provide for thirty (30) days' prior written notice to GTN of a policy's material modification, cancellation, or expiration. Franchisee routinely must furnish GTN copies of Franchisee's Certificate of Insurance or other evidence of Franchisee maintaining this insurance coverage and paying premiums. If Franchisee fails or refuses to obtain and maintain the insurance GTN

specifies, in addition to GTN's other remedies, GTN may (but need not) obtain such insurance for Franchisee and the Business on Franchisee's behalf, in which event Franchisee shall cooperate with GTN and reimburse GTN for all premiums, costs and expenses GTN incurs in obtaining and maintaining the insurance, plus a reasonable fee for GTN's time incurred in obtaining such insurance.

7.16 OBLIGATIONS TO THIRD PARTIES. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

7.17 PUBLIC RELATIONS. Franchisee may speak on behalf of Franchisee's Location to the media, but Franchisee must obtain pre-approval to speak to the media on GTN's behalf.

7.18 NO OTHER ACTIVITY ASSOCIATED WITH THE LOCATION. Franchisee shall not engage in any business or other activity at the Location other than operation of the NerdsToGo franchise. Franchisee shall not "co-brand" or associate any other business activity with the Location. Franchisee shall not use assets of the Location for any purpose other than the operation of the Location. If Franchisee is an entity, the entity shall not own or operate any other business except NerdsToGo franchises.

7.19 NO THIRD-PARTY MANAGEMENT. Franchisee shall not engage a third party management company to manage or operate the Location without the prior written approval of GTN, which will not be unreasonably withheld.

7.20 MEETINGS. The Principal Executive shall use reasonable efforts to attend all in- person meetings and remote meetings (such as telephone conference calls) that GTN requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.21 INDEPENDENT CONTRACTOR. Franchisee and GTN understand and agree that this Agreement does not create a fiduciary relationship between Franchisee and GTN, that Franchisee and GTN are and will be independent contractors, and that nothing in this Agreement is intended to make either Franchisee or GTN a general or special agent, joint venturer, partner, or employee of the other for any purpose. Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, Location personnel, and others as the Location's franchisee under a franchise license GTN has granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials GTN requires from time to time.

None of Franchisee's employees or other personnel will be GTN's employees, agents, or personnel. Neither Franchisee nor any of Franchisee's employees, agents or personnel whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, and to be construed to be GTN's employee, agent, or personnel for any purpose,

most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied, or fixed by any city, state, provincial, or federal governmental agency. GTN will not have the power to hire or fire Franchisee's employees or personnel. Franchisee expressly agree, and will never contend otherwise, that GTN's authority under this Agreement to certify certain of Franchisee's employees or personnel for qualification to perform certain functions for the Location does not directly or indirectly vest in GTN the power to hire, fire or control any such employee. Franchisee shall always comply with all employment laws. GTN will not have any duty or obligation to operate the Location, to direct or supervise Franchisee's employees or to oversee Franchisee's employment policies or practices. Franchisee will post a notice at Franchisee's Location notifying all its employees that they are Franchisee's employees and not GTN's employees in the manner prescribed by GTN. Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities, and elements of the Location and that under no circumstances shall GTN do so or be deemed to do so. Franchisee further acknowledges and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which GTN is required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that GTN controls any aspect or element of the day-to-day operations of the Location, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of the Location.

Section 8. SUPPLIERS AND VENDORS

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

8.2 ALTERNATE VENDOR APPROVAL. If GTN requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, and then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by GTN. GTN may condition its approval on such criteria as GTN deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. GTN will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within ninety (90) days after receipt of Franchisee's request.

8.3 ALTERNATE INPUT APPROVAL. If GTN requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by GTN. GTN will provide Franchisee with written notification of the approval or

disapproval of any proposed alternate Input within ninety (90) days after receipt of Franchisee's request.

8.4 PURCHASING. GTN may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. GTN may receive rebates or payments from vendors in connection with purchases by franchisees.

8.5 NO LIABILITY OF FRANCHISOR. GTN shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 PRODUCT RECALLS. If GTN or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Location issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from GTN or the vendor, supplier, or manufacturer of such item with respect the recall, repair, or other remedy of such item.

Section 9. MARKETING

9.1 APPROVAL AND IMPLEMENTATION. Franchisee shall not conduct any marketing, advertising, promotions, or public relations activities (including in-Location marketing materials, websites, on-line advertising, social media marketing or presence and sponsorships) that have not been approved by GTN. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations. Franchisee shall implement any marketing plans or campaigns determined by GTN.

9.2 SOCIAL MEDIA. Franchisee may engage in social ("Social Media") that references (expressly or by implication) the Marks or the Location only if GTN approves, only in accordance with the standards that GTN periodically specifies and within Franchisee's Territory. GTN's Social Media policy as described in further detail in the Manual. On any NerdsToGo social media sites, GTN must be co-administrator of Franchisee's account.

9.3 ADDITIONAL DIGITAL ADVERTISING. Franchisee must use GTN's approved provider for website management, search engine optimization (SEO), Pay-Per-Click (PPC) and search engine marketing (SEM). Additional digital advertising and all digital marketing activities (SEO, PPC, SEM, social media, and other digital approved services) can be purchased from our approved provider.

9.4 USE BY GTN. GTN may use any marketing materials or campaigns developed by or on behalf of Franchisee and Franchisee hereby grant an unlimited, perpetual, royalty-free license to GTN for such purpose.

9.5 MARKETING FUND. Recognizing the value of advertising and marketing to the goodwill and public image of NerdsToGo franchises, GTN has established a Marketing Fund for the advertising, marketing, promotional and public relations programs, and materials GTN deems appropriate (the "Marketing Fund"). Franchisee agrees to contribute to the Marketing

Fund two percent (2%) of the Location's Gross Sales from the opening date of the Location, payable in the same manner as the Royalty Fee, through the end of the Term of the Agreement. The Marketing Fund is currently administered by GTN.

GTN has the right to collect for deposit into the Marketing Fund any advertising, marketing, promotional or similar allowances paid to GTN by suppliers who deal with NerdsToGo franchises and with whom GTN have agreed that GTN will deposit these allowances. These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which GTN and our affiliates, therefore, may use for any purposes we and they deem appropriate.

GTN will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, testing, and endorsements used and their geographic, market, and media placement and allocation. The Marketing Fund is used to pay all costs for the formulation, planning, research, testing, development, production, management, and execution of all marketing, advertising, promotional, merchandising, sales, web, public relations, and social media activities and brand-related employer of choice advertising used to promote and protect the NerdsToGo brand. This may include, but is not limited to, executing marketing research, preparing and producing television, video, audio, radio, magazine, newspaper, outdoor, eCommerce, print, promotions, email, e-newsletter, customer loyalty and satisfaction support, social media, web marketing, website development, website hosting, search engine optimization, digital advertising, virtual sales assistant customer prospecting email campaigns, Internet banner, and other digital advertising, SMS text marketing programs, direct mail, outdoor activities, telephone prospecting, trade shows, sponsorships, sales collateral material, public relations activities, sales development, sales training, and all other lead generating and sales building activities. The Marketing Fund is used for these activities whether through an outside agency or if these functions are executed and developed by our marketing staff.

The Marketing Fund periodically may give Franchisee samples of advertising, marketing, and promotional formats and materials at no cost.

GTN will account for the Marketing Fund separately from GTN's other funds and not use the Marketing Fund for any of GTN's general operating expenses. However, GTN uses the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that GTN incurs in activities reasonably related to administering or directing the Marketing Fund and its programs, including, without limitation, conducting market research, public relations activities and social media, preparing advertising, promotion, marketing materials, sales collateral materials, teaching franchisees how to implement local marketing and collecting and accounting for Marketing Fund Contributions.

The Marketing Fund will not be GTN's asset. Although the Marketing Fund is not a trust, GTN will hold all Marketing Fund Contributions for the benefit of the contributors and use contributions only for the purposes described in this Subsection. Neither GTN owes any fiduciary obligation to Franchisee for administering the Marketing Fund or any other reason.

The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund Contributions in that year, borrow from GTN or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. GTN will use all interest earned on Marketing Fund Contributions to pay costs before using the Marketing Fund's other assets.

GTN will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give Franchisee the statement upon written request. GTN may have the Marketing Fund audited, at the Marketing Fund's expense, by an independent certified public accountant. GTN may incorporate the Marketing Fund or operate it through a separate entity whenever GTN deems appropriate. The renewal entity will have all the rights and duties specified in this Subsection.

GTN intends the Marketing Fund to maximize recognition of the Marks, patronage of NerdsToGo franchises and when offered, e-commerce programs. Although GTN will try to use the Marketing Fund to develop advertising, marketing, promotional, and sales materials and programs that will benefit all NerdsToGo franchises, neither GTN ensures that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund Contributions by NerdsToGo franchises operating in that geographic area or that any NerdsToGo franchise benefits directly or in proportion to its Marketing Fund Contribution from the development of materials or the placement of advertising, marketing, promotions or sale-related programs.

GTN has the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. GTN also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Subsection, neither GTN assumes any direct or indirect liability nor obligation to Franchisee for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

9.6 REQUIRED SPENDING. After Franchisee's marketing introduction funds are depleted (four (4) to six (6) months), Franchisee shall spend five percent (5%) of Gross Sales (two percent (2%) paid to the Marketing Fund and three percent (3%) on local marketing) each month on local advertising and promotion of the Location. Upon request of GTN, Franchisee shall furnish proof of its compliance with this Subsection. GTN has the sole discretion to determine what activities constitute "marketing" under this Subsection.

9.7 MARKET INTRODUCTION PLAN. Before Franchisee registers for initial training, Franchisee must pay Fourteen Thousand Five Hundred dollars (\$14,500) for initial advertising for Franchisee's Location to GTN. This will be administered by GTN's marketing department. GTN will create a marketing and advertising plan for Franchisee's Location and will allocate Franchisee's required initial marketing and advertising pre-paid dollars to local programs at GTN's sole discretion that will be scheduled to run for four (4) to six (6) months. The programs in the initial marketing and advertising plan may include direct mail marketing, local digital advertising including Pay-Per-Click advertising, virtual sales assistant customer prospecting email campaigns and sales promotion items. There are twelve (12) months of virtual sales assistant customer prospecting email campaigns included in Franchisee's initial marketing and advertising plan. The marketing plan also includes required tracking phone numbers and

web lead forms to capture and track all lead activity. Marketing programs are evaluated for effectiveness and GTN may make changes to the tactics in order to optimize the initial marketing and advertising plan. If additional funds remain after GTN outlines the spending on these programs and materials on the elements above, other programs such as local media or association marketing opportunities can be discussed for inclusion in the pre-paid portion of the marketing plan. The marketing plan will also include recommended programs and spending that Franchisee can choose to implement or not, or modify as desired beyond the pre-paid fund amount. These recommended programs and their associated costs are not included in the initial advertising costs of Fourteen Thousand Five Hundred Dollars (\$14,500) payable to GTN. The monthly website fee of \$250 is not included in the pre-paid portion of the marketing plan. Franchisee agrees to comply with GTN's guidelines for this initial marketing and advertising plan. GTN recommends that Franchisee invest additional amounts to local marketing during the first year of the Location's operation.

Upon expiration of the pre-paid marketing dollars referenced above for local digital advertising, Franchisee is required to continue local digital advertising using and paying GTN's designated agency to direct web traffic to Franchisee's Location during its business hours.

If Franchisee chooses to continue the virtual sales assistant customer prospecting email campaigns upon expiration of the pre-paid marketing dollars referenced above, Franchisee must use and pay GTN's designated vendor.

Section 10. RECORDS AND REPORTS

10.1 SYSTEMS. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as GTN may specify in the Manual or otherwise in writing.

10.2 REPORTS.

(a) Sales. Franchisee shall regularly record and report to GTN all monthly Gross Sales (including breakdown between Gross Product Sales and Gross Software/Service Sales) by fifth (5th) day of the following month.

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

- (i) a monthly profit and loss statement and balance sheet for the Location within thirty (30) days after the calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Location within sixty (60) days after the end of GTN's fiscal year;
- (iii) any information GTN requests in order to prepare a financial performance representation for GTN's franchise disclosure document;

- (iv) within sixty (60) days after filing, a copy of Franchisee's federal tax return; and
- (v) within ten (10) days after GTN's request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information GTN periodically requires relating to the Location.

(c) Legal Actions and Investigations. Franchisee shall promptly notify GTN of any action or threatened action by any customer, governmental authority, or other third party against Franchisee or the Location, or otherwise involving the Franchisee or the Location. Franchisee shall provide such documents and information related to any such action as GTN may request.

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

(e) Other Information. Franchisee shall submit to GTN 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 Location as specified in the Manual or that GTN may reasonably request.

10.3 INITIAL INVESTMENT REPORT. Within one hundred twenty (120) days after opening the Location for business, Franchisee shall submit to GTN a report detailing Franchisee's investment costs to develop and open the Location, with costs allocated to the categories described in Item 7 of GTN's Franchise Disclosure Document and with such other information as GTN may request.

10.4 BUSINESS RECORDS. Franchisee agrees to prepare all financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") using GTN's recommended chart of accounts using the accrual basis of accounting and to verify and sign each report and financial statement in the manner GTN prescribe. GTN may disclose data derived from these reports, although GTN will not without Franchisee's consent (unless required by law) disclose Franchisee's identity in any materials that GTN circulates publicly. Moreover, GTN may, as often as GTN deems appropriate (including on a daily basis), access the Computer System and extract or send through the Internet all information relating to the Location's operation.

Franchisee agrees to preserve and maintain all records in a secure place at the Location for at least seven (7) years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts, disbursement journals, and general ledgers). GTN may require Franchisee to have audited financial statements prepared annually during this Agreement's Term.

10.5 RECORDS AND AUDIT. GTN may at any time during Franchisee's business hours, and without prior notice to Franchisee, examine Franchisee's (if Franchisee is an Entity) and the Location's business, bookkeeping, and accounting records, sales and income tax

records and returns, and other records. Franchisee agrees to cooperate fully with GTN's representatives and independent accountants in any examination. If any examination discloses an understatement of the Location's Gross Sales, Franchisee agrees to pay GTN, within fifteen (15) days after receiving the examination report, the Royalty Fee and Marketing Fund Contribution due on the amount of the understatement, plus GTN's service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to Franchisee's failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if GTN's examination reveals a Royalty Fee or Marketing Fund Contribution understatement exceeding three percent (3%) or more for any four (4) week period of the amount that Franchisee actually reported to GTN for the period examined, Franchisee agrees to reimburse GTN for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of GTN's employees and representatives. These remedies are in addition to GTN's other remedies and rights under this Agreement and applicable law.

Section 11. FRANCHISOR RIGHTS

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

11.2 INSPECTIONS. To determine whether Franchisee and the Location are complying with this Agreement and all System Standards, GTN and GTN's designated agents or representatives may at all times and without prior notice to Franchisee: (1) inspect the Location; (2) photograph the Location and observe and video the Location's operation for consecutive or intermittent periods GTN deems necessary; (3) remove samples of any products and supplies; (4) interview the Location's personnel and customers; and (5) inspect and copy any books, records, data files and documents relating to the Location's operation. If GTN exercises any of these rights, GTN will not interfere unreasonably with the Location's operation. Franchisee acknowledges that any evaluation or inspection that GTN conducts is conducted in order to protect GTN's interests in the System Standards and Marks and is not intended to exercise, and does not constitute, in whole or in part, control over the day-to-day operation of the Location and Franchisee agrees to never contend otherwise. Franchisee agrees to cooperate with GTN fully.

GTN may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting GTN's other rights under this Agreement, Franchisee will as soon as reasonably practical, correct any deficiencies noted during an inspection. If GTN conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed

inspection), then GTN may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 GTN'S RIGHT TO CURE. If Franchisee breaches or defaults under any provision of this Agreement, GTN 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 GTN for its costs and expenses (including the allocation of any internal costs) for such action, plus ten percent (10%) as an administrative fee.

11.4 RIGHT TO DISCONTINUE SUPPLIES UPON DEFAULT. While Franchisee is in default or breach of this Agreement, GTN may (i) require that Franchisee pay cash on delivery for products or services supplied by GTN, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by GTN 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 GTN are in addition to any other right or remedy available to GTN.

11.5 DELEGATION. GTN may delegate any duty or obligation of GTN under this Agreement to an affiliate or to a third party.

11.6 COMMUNICATION SYSTEMS. If GTN 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 GTN to access such communications.

11.7 COMMUNICATION WITH EMPLOYEES. Franchisee irrevocably authorizes GTN to communicate with Franchisee's Designated Manager or other key employee on any matter related to the System or the Location.

11.8 COMMUNICATIONS WITH LANDLORD AND LENDERS. Franchisee irrevocably authorizes GTN to communicate with Franchisee's landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Location, and to provide information about the Location to them.

11.9 SYSTEM VARIATIONS. GTN may vary or waive any System Standard for anyone (1) or more NerdsToGo franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, and population of trade area, existing business practices, applicable laws or regulations, 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.

11.10 BUSINESS DATA. All personal information of customers of the Location, other NerdsToGo franchises and other non-public data generated by the Location is Confidential Information and is exclusively owned by GTN. "Personal Information" is data that identifies and individual or relates to and identifiable individual. GTN hereby licenses such data back to

Franchisee without charge solely for Franchisee's use in connection with the Location for the Term of this Agreement. Franchisee will comply with all applicable laws in relation to the collection, processing and storage of customer information.

Section 12. MARKS

12.1 AUTHORIZED MARKS. Franchisee's right to use the Marks is derived only from this Agreement and limited to Franchisee operating the Location according to this Agreement and all System Standards GTN prescribes during its Term. Franchisee's unauthorized use of the Marks is a breach of this Agreement and infringes on GTN's rights in the Marks. Franchisee acknowledges and agrees that Franchisee's use of the Marks and any goodwill established by that use are exclusively for GTN's benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Location under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks GTN authorizes Franchisee to use. Franchisee may not at any time during or after this Agreement's Term contest or assist any other person in contesting the validity, or GTN's ownership, of the Marks.

12.2 CHANGE OF MARKS. If it becomes advisable at any time for GTN and/or Franchisee to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, Franchisee agrees to comply with GTN's directions within a reasonable time after receiving notice. Any costs incurred by Franchisee to comply with any change or modification of any Mark will be paid solely by Franchisee; however, GTN may, at GTN's discretion, reimburse a portion of the costs to Franchisee. GTN need not reimburse Franchisee for any loss of revenue due to any modified or discontinued Mark, or for Franchisee's expenses of promoting a modified or substitute trademark or servicemark.

GTN's rights in this Section apply to any and all of the Marks (and any portion of any Mark) that GTN authorizes Franchisee to use in this Agreement. GTN may exercise these rights at any time and for any reason, business or otherwise, that GTN thinks best. Franchisee acknowledges both GTN's right to take this action and Franchisee's obligation to comply with GTN's directions.

12.3 INFRINGEMENT.

(a) Defense of Franchisee. GTN agrees to reimburse Franchisee for all damages and expenses that Franchisee incurs in any trademark infringement proceeding disputing Franchisee's authorized use of any Mark under this Agreement if Franchisee has timely notified GTN of, and comply with GTN's directions in responding to the proceeding. At GTN's option, GTN may defend and control the defense of any proceeding arising from Franchisee's use of any Mark under this Agreement.

(b) Infringement by Third Party. Franchisee agrees to notify GTN immediately of any apparent infringement or challenge to Franchisee's use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than GTN, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. GTN may take the action we deem appropriate (including no action) and control exclusively any

litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. Franchisee agrees to sign any documents and take any other reasonable action that, in the opinion of GTN's attorneys, are necessary or advisable to protect and maintain GTN's interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain GTN's interests in the Marks. GTN will reimburse Franchisee for Franchisee's costs of taking any GTN has asked Franchisee to take.

12.4 NAME.

Franchisee agrees to use the Marks as the Location's sole identification, except that Franchisee agrees to identify Franchisee as its independent owner in the manner GTN prescribes. Franchisee may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos GTN has licensed to Franchisee), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, email addresses, or otherwise in connection with a Website, or (5) in any other manner that GTN has not expressly authorized in writing.

Franchisee may not use any Mark in advertising the transfer, sale, or other disposition of the Location or an ownership interest in Franchisee without GTN's prior written consent, which GTN will not unreasonably withhold. Franchisee agrees to display the Marks prominently as GTN prescribes at the Location and on forms, advertising, supplies, and other materials GTN designate. Franchisee agree to give the notices of trade and service mark registrations that GTN specifies and to obtain any fictitious or assumed name registrations required under applicable law.

Section 13. COVENANTS

13.1 CONFIDENTIAL INFORMATION.

GTN possesses (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), relating to developing and operating NerdsToGo franchises, including (without limitation):

- (1) site selection criteria;
- (2) training and operations materials and Manual;
- (3) methods, formats, specifications, standards, systems, procedures, production techniques, production processes, sales and marketing techniques, knowledge, and experience used in developing and operating NerdsToGo franchises;
- (4) sales, marketing and advertising programs for NerdsToGo franchises;

- (5) knowledge of, specifications for, and suppliers of operating assets and other products and supplies;
- (6) any computer software or similar technology which is proprietary to us or the System, including, without limitation, digital passwords and identifications and any source code and data, reports, and other printed materials generated by, the software or similar technology;
- (7) knowledge of the operating results and financial performance of NerdsToGo franchises other than the Location;
- (8) graphic designs and related intellectual property; and
- (9) personal information of any customer of the Location and other NerdsToGo franchises (“**Customer Information**”). “Personal information” is data that identifies an individual or relates to an identifiable individual.

Franchisee acknowledges and agrees that Franchisee will not acquire any interest in Confidential Information, other than the right to use it as GTN specifies in operating the Location during this Agreement’s Term, and that Confidential Information is proprietary, includes GTN’s trade secrets, and is disclosed to Franchisee only on the condition that Franchisee agrees, and Franchisee in fact agrees, that Franchisee:

- (a) will not use Confidential Information in any other business or capacity;
- (b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement’s Term and then thereafter for as long as the item is not generally known in the technology repair and service industry;
- (c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;
- (d) will not sell, trade or otherwise profit in any way from any Confidential Information, except during the Term using methods GTN approves;
- (e) will comply with all applicable laws in relation to the collection, processing and storage of Customer Information;
- (f) will, in addition to the procedures described herein, adopt and implement all reasonable procedures, including those prescribed from time to time by GTN, to prevent unauthorized use or disclosure of or access to any Confidential Information; and
- (g) will require and obtain execution of GTN’s then-current confidentiality/non-compete agreement (the current form of which is attached as **Exhibit “9”**) from Franchisee’s Principal Executive, Owners, Designated

Manager, key management employees, outside sales professional and other personnel who have received or will have access to Confidential Information (unless prohibited by applicable law). Franchisee will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information.

Confidential Information does not include information, knowledge, or know-how which Franchisee can demonstrate lawfully came to Franchisee's attention before GTN provided it to Franchisee directly or indirectly; which, at the time GTN disclosed it to Franchisee, already had lawfully become generally known in the technology repair and service industry through publication or communication by others (without violating an obligation to GTN); or which, after GTN discloses it to Franchisee, lawfully becomes generally known in the technology repair and service industry through publication or communication by others (without violating an obligation to GTN). However, if GTN include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

GTN works together with Franchisee, Franchisee's Executive Principal, and Franchisee's Owners and other franchisees towards constant improvement and adapting to change to remain relevant and competitive in the technology repair and service industry. Many of GTN's current processes are a result of franchisee innovation and input.

All ideas, concepts, techniques, or materials relating to a NerdsToGo franchises, whether or not protectable intellectual property and whether created by or for Franchisee, Franchisee's Executive Principal or employees, must be promptly disclosed to GTN and will be deemed to be GTN's sole and exclusive property, part of the System, and works made-for-hire for GTN. To the extent that any item does not qualify as a "work made-for-hire" for GTN, by this paragraph Franchisee assigns ownership of that item, and all related rights to that item, to GTN and agrees to take whatever action (including signing assignment or other documents) GTN requests to evidence GTN's ownership or to help GTN obtain intellectual property rights in the item.

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, lend money or provide financial assistance to, provide services to, or be 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 have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor within five (5) miles of Franchisee's Territory or the territory of any other NerdsToGo business operating on the date of expiration, termination, or transfer, as applicable.

(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 Subsection is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of GTN. Franchisee agrees that the existence of any claim it may have against GTN shall not constitute a defense to the enforcement by GTN of the covenants of this Subsection. If a Restricted Party fails to comply with the obligations under this Subsection during the restrictive period, then the restrictive period will be extended an additional day for each day of non-compliance.

Section 14. DEFAULT AND TERMINATION

14.1 TERMINATION BY GTN.

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

(b) Subject to fifteen (15) Day Cure Period. GTN may terminate this Agreement if Franchisee uses any other remote monitoring and management software other than NerdAssure, or if Franchisee uses any other professional services automation software other than the PSA software required by GTN, and Franchisee fails to cure such breach within fifteen (15) days after GTN gives notice to Franchisee of such breach.

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

(d) Without Cure Period. GTN 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 knowingly submits any false report or knowingly provides any other false information to GTN;
- (iii) a receiver or trustee for the Location 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 is unable to pay its debts as they become due, or a levy or execution is made against the Location, or an attachment or lien remains on the Location for thirty (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 such a petition is filed against or

consented to by Franchisee and the petition is not dismissed within forty-five (45) days, or Franchisee is adjudicated as bankrupt;

- (iv) Franchisee does not locate, and sign a Lease or purchase document for, an acceptable site for the Premises within sixteen (16) weeks after the Effective Date;
- (v) Franchisee fails to open the Location for business within three hundred sixty-five (365) days after the Effective Date;
- (vi) Franchisee loses possession of the Location;
- (vii) Franchisee (or Franchisee's Executive Principal) do not satisfactorily complete the initial training program;
- (viii) Franchisee or any Owner commits a material violation of Subsection 7.2 (compliance with laws) or Subsection 13.1 (confidentiality), violates Subsection 13.2 (non-compete) or Section 15 (transfer), failure to comply with any System Standard, or commits any other violation of this Agreement which by its nature cannot be cured;
- (ix) Franchisee abandons or ceases operation of the Location for more than five (5) consecutive business days, unless Franchisee closes the Location for a purpose GTN approves or because of casualty or government order;
- (x) Franchisee or any Owner slanders or libels GTN or any of its employees, directors, or officers;
- (xi) Franchisee refuses to cooperate with or permit any audit or inspection by GTN or its agents or contractors, or otherwise fails to comply with Subsection 10.5 or Subsection 11.2;
- (xii) the Location is operated in a manner which, in GTN's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within forty-eight (48) hours after becoming aware of the danger (due to notice from GTN or otherwise);
- (xiii) Franchisee has received two (2) or more notices of default and Franchisee commits another breach of this Agreement, all in the same twelve (12) month period;
- (xiv) GTN (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate);
- (xv) Franchisee (or any of Owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to a felony, a crime involving moral turpitude, or any other crime or offense, or any other crime or offense that GTN believes is

reasonably likely to have an adverse effect on the NerdsToGo brand, the goodwill in the Marks, or GTN's interest in the Marks; or

- (xvi) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in GTN's opinion is reasonably likely to materially and unfavorably affect the NerdsToGo brand;
- (xvii) Franchisee receives three (3) or more material customer complaints within a twelve (12) month period that are reported to Franchisor and are not resolved to Franchisor's complete satisfaction;
- (xviii) Franchisee sells any product or service Franchisor has not authorized for sale at the Location; and
- (xix) Franchisees or any Owner's assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of your Owners otherwise violate any such law, ordinance, or regulation.

14.2 INTERIM REMEDIES.

GTN has the right (but not the obligation), under the circumstances described below, to enter the Location and assume the Location's management (or to appoint a third party to assume its management) for any period of time GTN deems appropriate. If GTN (or a third party) assume the Location's management under subparagraphs (1) and (2) below, Franchisee agree to pay GTN (in addition to the Royalty Fees, Marketing Fund Contributions, and other amounts due under this Agreement) five hundred dollars (\$500) per day, plus GTN's (or the third party's) direct out-of-pocket costs and expenses, for up to sixty (60) days after GTN assumes management.

If GTN (or a third party) assume the Location's management, Franchisee acknowledge that GTN (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or your Owners for any debts, losses, or obligations the Location incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services the Location purchases, while GTN (or the third party) manage it.

GTN (or a third party) may assume the Location's management under the following circumstances: (1) if Franchisee abandon or fail actively to operate the Location; (2) if Franchisee fails to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period GTN specifies in GTN's notice to Franchisee; or (3) if this Agreement expires or is terminated and GTN is deciding whether to exercise GTN's option to purchase the Location under Subsection 14.G. below.

If GTN exercise GTN's rights under subparagraphs (1) or (2) above, that will not affect GTN's right to terminate this Agreement under Subsection 14.1. above.

If Franchisee is in default of any provision of this Agreement, GTN may, at GTN's option, elect to impose interim remedies and/or Limited Services on Franchisee's Location ("**Limited Services**") rather than terminate this Agreement. GTN will provide written notice to Franchisee prior to placing Franchisee on Limited Services. If Franchisee is in default and receiving Limited Services, GTN may terminate this Agreement at any time if Franchisee fails to cure the default. Limited Services may include:

- (1) Location's web page(s) removed from NerdsToGo.com;
- (2) no access to Marketing Fund services (if applicable);
- (3) removal of Franchisee or Franchisee's personnel from the email system;
- (4) no access to the GTN'S NerdNet proprietary operations portal;
- (5) not eligible to attend any NerdsToGo events;
- (6) no access to NerdsToGo on-line training;
- (7) no access to Location design, layout services real estate services;
- (8) not eligible to purchase or open additional NerdsToGo franchises; and
- (9) business visits limited to only what is required by this Agreement.

14.3 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 based on the operation of the Location to GTN within fifteen (15) days after this Agreement expires or is terminated;
- (ii) if GTN terminates this Agreement as result of Franchisee's breach, Franchisee and GTN agree that the amount damages which GTN would incur for any such early termination would be difficult, if not impossible, to accurately ascertain. Accordingly, within thirty (30) days following such termination, Franchisee must pay GTN an amount equal to the greater of (i) the average monthly Royalty Fees and Marketing Fund Contributions that Franchisee owed to GTN for the past twenty-four (24) months multiplied by the lesser of thirty-six (36) or the number of months remaining in the Term, or (ii) the average monthly Royalty Fees and Marketing Fund Contributions paid by all franchised NerdsToGo locations who have operated for the past twenty-four (24) months multiplied by the lesser of thirty-six (36) or the months remaining in the Term ("**Early Termination Damages**"). If Franchisee has not operated the Location for twenty-four (24) months prior to the termination of this Agreement, the Early Termination Damages will be calculated by using the average monthly Royalty Fees and Marketing Fund Contributions by all franchised NerdsToGo locations who have

operated for the past twenty-four (24) months multiplied by thirty-six (36). These Early Termination Damages shall constitute liquidated damages and are not to be construed as a penalty and shall be the joint and several liability of Franchisee and each of Franchisee's Owners who personally guarantee Franchisee's obligations under this Agreement.

The parties acknowledge and agree that: (a) the Early Termination Damages are a reasonable estimation of the damages that GTN would incur if this Agreement is prematurely terminated; and (b) Franchisee's payment of such Early Termination Damages is intended to fully compensate GTN for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of our claim for other damages and/or equitable relief arising out of Franchisee's breach of this Agreement.

The imposition of Early Termination Damages shall be at GTN's sole option. GTN is not required to impose Early Termination Damages and may, in addition or in lieu thereof, pursue other remedies available to GTN under the terms and conditions of this Agreement, in equity or at law in the event of Franchisee's breach under this Agreement, including, without limitation, actual damages GTN incurs, if such can be ascertained. All such remedies shall be cumulative and non-exclusive.

- (ii) return to GTN all copies of the Manual, Confidential Information and any and all other materials provided by GTN to Franchisee or created by a third party for Franchisee relating to the operation of the Location, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) 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 GTN or any new franchisee as may be directed by GTN, and Franchisee hereby irrevocably appoints GTN, 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; and
- (iv) cease doing business under any of the Marks.

14.4 REMOVE IDENTIFICATION. Within thirty (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 NerdsToGo franchise, to the reasonable satisfaction of GTN. Franchisee shall comply with any reasonable instructions and procedures of GTN for de-identification. If Franchisee fails to do so within thirty (30) days after this Agreement expires or is terminated, GTN may enter the Location to remove the Marks and de-

identify the Location. In this event, GTN 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 GTN.

14.5 CUSTOMER MANAGEMENT TOOLS. Franchisee must immediately assign to GTN, and allow access to, all NerdAssure managed services and agents, the PSA software, and any other customer relationship management software, or the like (collectively referred to as “Customer Management Tools”) used in relation to in Franchisee’s Business and its past and current customers. Franchisee hereby assigns to GTN (such assignment effective only upon closing, termination or expiration of the Agreement) all Franchisee’s interest in and to, Franchisee’s Customer Management Tools, and in such case GTN shall step into the shoes of Franchisee with regard to those Customer Management Tools, including any customer contracts, and Franchisee will have no further obligation to service such customers, and shall not attempt to service such customers nor purport to represent that it will continue to service such customers. Franchisee acknowledges that GTN may further assign its position in the Customer Management Tools or customer contracts to any third party without the consent of Franchisee and without any consideration to Franchisee. Franchisee shall not be entitled to any revenues from any software, contracts or relationships after termination or expiration of the Agreement. GTN or its assignee will pay for any ongoing fees associated with any Customer Management Tools. Franchisee is not entitled to copies of any of the electronic information and all such copies shall be immediately returned to GTN. Franchisor may use such electronic information in any manner in connection with its NerdsToGo franchise System.

14.6 OTHER CLAIMS. Termination of this Agreement by GTN will not affect or discharge any claims, rights, causes of action or remedies (including claims for GTN’s lost future income after termination), which GTN may have against Franchisee, whether arising before or after termination.

14.7 PURCHASE OPTION. Upon termination of this Agreement, or upon expiration of this Agreement without renewal, Franchisee will, at GTN’s option, assign to GTN or GTN’s designee Franchisee’s interest in any lease or sublease of the Location and Franchisee’s interest in any lease for equipment used in the operation of the Location. Also, upon termination of this Agreement, or expiration of this Agreement without renewal, GTN shall have the right and option, but not the obligation, to purchase the inventory, equipment, fixtures, furnishings, and any and all items bearing the Marks at Franchisee’s cost or fair market value, whichever is less. In determining the fair market value of the assets, GTN and Franchisee will not include any value for goodwill, the rights granted by this Agreement, or participation in the network of NerdsToGo franchises. If GTN elects to exercise this option, GTN will deliver written notice to Franchisee of GTN’s election within thirty (30) days after the date of termination or expiration of this Agreement. GTN will have the right to inspect the Location and assets at any time during this thirty (30) day period. If GTN elects to purchase any of these assets, GTN will be entitled to, and Franchisee must provide, all customary warranties and representations relating to the asset purchase, including, without limitation, representations and warranties as to maintenance, function, condition and Franchisee’s good title (including that Franchisee owns the assets free and clear of any liens and encumbrances).

Section 15. TRANSFERS

15.1 BY GTN. Franchisee acknowledges that GTN maintains a staff to manage and operate the Franchise System and that staff members can change as employees come and go. Franchisee represents that Franchisee has not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with GTN in that capacity. GTN may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After GTN's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, GTN no longer will have any performance or other obligations under this Agreement.

15.2 BY FRANCHISEE. Franchisee understands and acknowledges that the rights and duties of this Agreement creates are personal to Franchisee (or, if Franchisee is an Entity, to Franchisee's Owners) and that GTN has granted Franchisee the Location in reliance upon GTN's perceptions of Franchisee's Principal Executive (or Franchisee's Owners) individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without GTN's prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the Location (or any right to receive all or a portion of the Location's profits or losses); (iv) any ownership interest in Franchisee (regardless of its size); or (v) any ownership interest in any of Franchisee's Owners (if such Owners are legal entities). A transfer of the Location's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without GTN's approval is a breach of this Agreement and has no effect.

In this Agreement, the term “**transfer**” includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

- a. transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- b. merger or consolidation or issuance of additional securities or other forms of ownership interest;
- c. any sale of a security convertible to an ownership interest;
- d. transfer of an interest in Franchisee, this Agreement, the Location or substantially all of its assets, or Franchisee's Owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;
- e. if Franchisee, one of Franchisee's Owners, or one of Franchisee's Owners dies, a transfer of an interest in Franchisee, this Agreement, the Location or substantially all of its assets, or Franchisee's Owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or
- f. pledge of this Agreement (to someone other than GTN) or of an ownership interest in Franchisee or Franchisee's Owners as security, foreclosure

upon the Location, or Franchisee's transfer, surrender, or loss of the Location's possession, control, or management. Franchisee may grant a security interest (including a purchase money security interest) in the Location's assets (not including this Agreement) to a lender that finances Franchisee's acquisition, development, and/or operation of the Location without having to obtain GTN's prior written approval as long as Franchisee gives GTN ten (10) days' prior written notice.

If Franchisee (and Franchisee's Owners) are fully complying with this Agreement, then, subject to the other provisions of this Subsection GTN will approve a transfer that meets all of the requirements in this Subsection:

- (i) GTN receives a transfer fee equal to seventeen thousand five hundred dollars (\$17,500) plus any broker fees and other out-of-pocket costs incurred by GTN (except that the seventeen thousand five hundred dollars (\$17,500) will not be due in connection with a transfer for estate planning purposes or to a spouse, sibling, or child of an Owner). If Franchisee requests that GTN assist Franchisee in selling the Location, Franchisee must also pay GTN a resale consulting fee of five thousand dollars (\$5,000);
- (ii) the proposed assignee and its Owners have completed GTN's franchise application processes, meet GTN's then-applicable standards for new franchisees, and have been approved by GTN as franchisees;
- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes GTN's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement, including Royalty Fee and a revised Territory;
- (v) all Owners of the proposed assignee provide a guaranty in accordance with Subsection 2.5;
- (vi) Franchisee has paid all monetary obligations to GTN and its affiliates, and to any lessor, vendor, supplier, or lender to the Location, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to GTN or its affiliates;
- (vii) the proposed assignee and its Owners and employees undergo such training as GTN may require;
- (viii) Franchisee, Principal Executive, its Owners, and the transferee and its Owners execute a general release of GTN in a form satisfactory to GTN;
- (ix) the Location fully complies with all of the GTN's most recent System Standards;
- (x) GTN has determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Location;

- (xi) if Franchisee or Franchisee's Owners finance any part of the purchase price, Franchisee and/or Franchisee's Owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Location are subordinate to the transferee's obligation to pay Royalty Fees, Marketing Fund Contributions, and other amounts due to GTN, GTN's affiliates, and third-party vendors and otherwise to comply with this Agreement; and
- (xii) GTN may review all information regarding the Location that Franchisee gives the transferee, correct any information that GTN believes is inaccurate, and gives the transferee copies of any reports that Franchisee has given GTN or GTN has made regarding the Location.

15.3 TRANSFER FOR CONVENIENCE OF OWNERSHIP. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least fifteen (15) days' notice to GTN, if, prior to the Transfer: (1) the transferee provides the information required by Subsection 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by GTN, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Subsection 2.5.

15.4 TRANSFER UPON DEATH OR INCAPACITY. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Location to a third party approved by GTN (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine (9) months after death or incapacity. Such transfer must comply with Subsection 15.2.

15.5 GTN'S RIGHT OF FIRST REFUSAL. Before Franchisee (or any Owner) engages in a Transfer (except under Subsection 15.3, to an Owner, or to a spouse, sibling, or child of an Owner), GTN will have a right of first refusal, as set forth in this Subsection. Franchisee (or its Owners) shall provide to GTN a copy of the terms and conditions of any Transfer. For a period of thirty (30) days from the date of GTN's receipt of such copy, GTN will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that GTN may substitute cash for any other form of payment). If GTN does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Subsection.

15.6 NO SUBLICENSE. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 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.

Section 16. INDEMNITY

16.1 INDEMNITY. Franchisee, and each of Franchisee's respective direct and indirect Owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the "**Indemnified Parties**") from and against all Losses (defined below) which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of the operation of the Location, Franchisee's conduct of business under this Agreement, Franchisee's breach of this Agreement or for any liability arising from labor or employment law violations (including from Franchisee's acts and omissions and of Franchisee's employees). GTN will promptly notify Franchisee of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice shall not release Franchisee from Franchisee's indemnification obligations under this Subsection except to the extent Franchisee is actually and materially prejudiced by such failure. Franchisee shall have the right, upon written notice delivered to the Indemnified Party within fifteen (15) days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (i) the Indemnified Party shall have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to Franchisee and, in the reasonable opinion of the Indemnified Party, Franchisee's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Franchisee's interests, or (ii) Franchisee does not assume responsibility for such Losses in a timely manner or Franchisee fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party shall have the right to employ counsel of its own choosing and Franchisee shall pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or Franchisee, whichever is not assuming the defense of such claim, shall have the right to participate in such claim and to retain its own counsel at such party's own expense. Franchisee or the Indemnified Party (as the case may be) shall keep Franchisee or the Indemnified Party (as the case may be) reasonably apprised of, and shall respond to any reasonable requests concerning, the status of the defense of any claim and shall cooperate in good faith with each other with respect to the defense of any such claim. Franchisee shall not, without the prior written consent of the Indemnified Party, (a) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect Owners, directors, managers, employees, agents and representatives, or (b) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Franchisee. No claim which is being defended in good faith by Franchisee in accordance with the terms of this Section shall be settled by the Indemnified Party without Franchisee's prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Marks, Franchisee agree that GTN shall have the exclusive right to assume the defense of such claim, at Franchisee's expense with counsel selected by GTN, but reasonably satisfactory to Franchisee.

Franchisee has no obligation to indemnify or hold harmless, an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions.

For purposes of this Section, "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution

Franchisee's obligations in this Subsection will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisee under this Subsection. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Subsection.

Section 17. DISPUTE RESOLUTION

17.1 ARBITRATION.

(a) Disputes Subject to Arbitration. GTN and Franchisee agree that all controversies, disputes, or claims between GTN and its affiliates, and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to: (i) this Agreement or any other agreement between GTN and Franchisee; (ii) GTN's relationship with Franchisee; (iii) the scope and validity of this Agreement or any other agreement between GTN and Franchisee (including the scope and validity of the arbitration obligations under this Section 17, which GTN and Franchisee acknowledge is to be determined by an arbitrator and not a court); and/or (iv) or any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Subsection otherwise provides, according to the then current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Subsection 17.2 below, award any punitive or exemplary damages against either party (GTN and Franchisee hereby waives to the fullest extent permitted by law, except as expressly provided in Subsection 17.2. below, any right to or claim for any punitive or exemplary damages against the other).

(b) Location. All proceedings will be conducted at a suitable location chosen by the arbitrator within ten (10) miles of GTN 2542 Highlander Way, Carrollton, Texas 75006 located in Dallas County, Texas. The arbitrator shall have no authority to select a hearing or locale other than as described in the previous sentence. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(c) Injunctive Relief. Despite GTN and Franchisee's agreement to arbitrate, GTN and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that GTN and Franchisee must contemporaneously submit GTN's dispute for arbitration on the merits as provided in this Subsection.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of GTN's intellectual property rights in a court authorized to hear such claims under Subsection 17.2 of this Agreement.

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

(f) Performance during Arbitration or Litigation. Unless this Agreement has been terminated, GTN and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY GTN FOR THIRD PARTY CLAIMS UNDER SUBSECTION 16.1. AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, GTN AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN GTN AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

GTN AND FRANCHISEE IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.

IN THE EVENT OF TERMINATION OF THIS AGREEMENT PRIOR THE EXPIRATION OF THE TERM DUE TO FRANCHISEE'S DEFAULT, GTN'S ACTUAL DAMAGES WILL INCLUDE ITS LOST FUTURE INCOME FROM ROYALTY FEES, MARKETING FUND CONTRIBUTIONS AND OTHER AMOUNTS THAT FRANCHISEE WOULD HAVE OWED TO GTN BUT FOR THE TERMINATION.

17.3 WAIVER OF CLASS ACTIONS. GTN and Franchisee agree that arbitration will be conducted on an individual, not a class wide basis and that an arbitration proceeding between GTN and GTN's affiliates, and GTN and GTN's respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's Owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between GTN and any other person.

17.4 TIME LIMITATION. GTN and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. GTN and Franchisee agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or GTN.

17.5 VENUE OTHER THAN ARBITRATION.

SUBJECT TO SUBSECTION 17.1. ABOVE AND THE PROVISIONS BELOW, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN FRANCHISEE AND GTN MUST BE COMMENCED IN STATE OR FEDERAL COURT OF GENERAL JURISDICTION IN DALLAS, TEXAS, AND FRANCHISEE (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION FRANCHISEE (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT GTN MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH FRANCHISEE IS DOMICILED OR THE LOCATION IS LOCATED.

17.6 LEGAL COSTS. If GTN incurs costs and expenses due to Franchisee's failure to pay when due amounts owed to GTN, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Franchisee agrees, whether or not GTN initiate a formal legal proceeding, to reimburse GTN for all of the costs and expenses that GTN incurs, including, without limitation, reasonable accounting, collection agency fees, attorneys', arbitrators', and related fees.

Section 18. MISCELLANEOUS

18.1 NO LIABILITY FOR ACTS OF OTHER PARTIES. GTN and Franchisee may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that GTN'S respective relationship is other than franchisor and franchise Owner. GTN will not be obligated for any damages to any

person or property directly or indirectly arising out of the Location's operation, or the business Franchisee conducts under this Agreement.

18.2 ENTIRE AGREEMENT.

The preambles and exhibits are a part of this Agreement which, together with the System Standards contained in the (which may be periodically modified, as provided in Section 11, Section 8, and Section 17 above), constitutes GTN'S and Franchisee's entire agreement, and there are no other oral or written understandings or agreements between GTN and Franchisee, or oral or written representations by GTN, relating to the subject matter of this Agreement, the franchise relationship, or the Location (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that GTN made in the most recent Disclosure Document (including exhibits and amendments) that GTN delivered to Franchisee or Franchisee's representative.

Any policies that GTN adopts and implements from time to time to guide GTN in GTN's decision-making are subject to change, are not a part of this Agreement, and are not binding on GTN.

Except as provided in 16.1 and 18.5 nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates GTN reasonably to approve or not unreasonably to withhold GTN's approval of any of Franchisee's actions or requests, GTN has the absolute right to refuse any request Franchisee makes or to withhold GTN's approval of any of Franchisee's proposed, initiated, or completed actions that require GTN's approval. The headings of the Sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these Sections or paragraphs.

References in this Agreement to GTN with respect to all of GTN's rights and all of Franchisee's obligations to GTN under this Agreement, including any of GTN's affiliates with whom Franchisee deals. The term "**affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling Franchisee or GTN. "**Control**" means the power to direct or cause the direction of management and policies.

If two (2) or more persons are at any time the Owners of the Location, whether as partners or joint venturers, their obligations and liabilities to GTN will be joint and several. References to "**principal**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in Franchisee (or a transferee of this Agreement and the Location or an ownership interest in Franchisee), including, without limitation, any person who has a direct or indirect interest in Franchisee (or a transferee), this Agreement, the NerdsToGo franchise, or the Location and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

18.3 MODIFICATION.

This Agreement is binding upon GTN and Franchisee and GTN's and Franchisee's respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to GTN's right to modify the Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both GTN's and Franchisee's duly- authorized officers.

18.4 CONSENT WAIVER.

GTN and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights GTN or Franchisee has, will be subject to continuing review, and may be revoked at any time and for any reason, effective upon delivery of ten (10) days' prior written notice.

GTN and Franchisee will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; GTN's or Franchisee's failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; GTN's waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other NerdsToGo franchises; the existence of franchise agreements for other NerdsToGo franchises which contain provisions different from those contained in this Agreement; or GTN's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to GTN will be a waiver, compromise, settlement, or accord and satisfaction. GTN is authorized to remove any legend or endorsement, which then will have no effect.

Neither GTN nor Franchisee will be liable for loss or damage or be in breach of this Agreement if GTN's or Franchisee's failure to perform GTN's or Franchisee's obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalty Fees or Marketing Fund Contributions due afterward.

18.5 CUMULATIVE REMEDIES.

GTN's and Franchisee's rights under this Agreement are cumulative, and GTN's or Franchisee's exercise or enforcement of any right or remedy under this Agreement will not preclude GTN's or Franchisee's exercise or enforcement of any other right or remedy which GTN or Franchisee are entitled by law to enforce.

18.6 SEVERABILITY. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, Franchisee and GTN agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of GTN's refusal to enter into a renewal franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and GTN may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

18.7 GOVERNING LAW. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN GTN AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY TEXAS LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

18.8 NOTICES. All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Manual will be deemed to be delivered:

- (a) at the time delivered by hand;

(b) at the time delivered via electronic mail and, in the case of the Royalty Fee, Marketing Fund Contribution and other amounts due, at the time we actually receive payment via the EFTA;

(c) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;

(d) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or

(e) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage pre-paid.

Any notice to GTN Capital Group, LLC, c/o of Legal Department, 2542 Highlander Way Carrollton, Texas 75006 must be sent to the address specified on the first page of this Agreement, although GTN may change this address for notice by giving Franchisee notice of the new address. Any notice that GTN sends to Franchisee, addressed to Franchisee at the notice address set forth in the Summary. You may change the person and/or address for notice only by giving us thirty (30) days' prior notice by any of the means specified in subparagraphs (a) through (e) above.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

18.9 HOLDOVER. If Franchisee continues operating the Location after the expiration of the Term without a renewal agreement or renewal franchise agreement executed by the parties in accordance with Subsection 3.2, then at any time (regardless of any course of dealing by the parties), GTN may by giving written notice to Franchisee (the "Holdover Notice") either (i) require Franchisee to cease operating the Location and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as GTN specifies, or (ii) bind Franchisee to a renewal Term of ten (10) years, and deem Franchisee and its Owners to have made the general release of liability described in Subsection 3.2(v).

18.10 JOINT AND SEVERAL LIABILITY. If two or more people sign this Agreement as "Franchisee", each will have joint and several liabilities.

18.11 NO OFFER AND ACCEPTANCE. Delivery of a draft of this Agreement to Franchisee by GTN does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and GTN.

Section 19. COMPLIANCE WITH ANTI-TERRORISM LAWS

Franchisee and Franchisee's Owners agree to comply, and to fully assist GTN to the fullest extent possible in our efforts to comply, with (A) all applicable economic sanction laws, including the various sanction regulations and guidelines of the U.S. Department of Treasury,

Office of Foreign Assets Control, and the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001), as amended; and (B) all applicable anti-corruption laws, including the United States Foreign Corrupt Practices Act of 1977, 15 U.S.C. §§ 78dd-1, et seq., as amended (“FCPA”) (collectively, the “International Trade and National Security Laws. In connection with such compliance, Franchisee and Franchisee’s Owners certify, represent, and warrant that none of Franchisee’s property or interests or none of their property or interest is subject to being blocked under, and that Franchisee’s and Franchisee’s Owners otherwise are not in violation of, any of the International Trade and National Security Laws by Franchisee or Franchisee’s Owners, or any blocking of Franchisee or Franchisee’s Owners’ assets under the International Trade and National Security Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Subsection 14.1 above.

Section 20. LIMITED LIABILITY

Franchisee agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of GTN shall have any liability for (i) any of GTN’s obligations or liabilities relating to or arising from this Agreement, (ii) any claim against GTN based on, in respect of, or by reason of, the relationship between Franchisee and GTN, or (iii) any claim against GTN based on any alleged unlawful act or omission by GTN.

Section 21. CERTIFICATION OF FRANCHISOR’S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

- (1) That Franchisee has independently investigated the NerdsToGo franchise opportunity and recognizes that, like any other business, the nature of the business that a NerdsToGo franchise conducts may, and probably will, evolve and change overtime.
- (2) That an investment in a NerdsToGo franchise involves business risks that could result in the loss of a significant portion or all of Franchisee’s investment.
- (3) That Franchisee’s business abilities and efforts are vital to Franchisee’s success.
- (4) That attracting customers for Franchisee’s Location will require Franchisee to make consistent marketing efforts in Franchisee’s community through various methods, including media advertising, sales and direct mail advertising, and display and use of in- Location promotional materials and proactive outside sales activities.
- (5) That retaining customers for Franchisee’s Location will require Franchisee to have a high level of customer service, produce and deliver an on-time quality product, and adhere strictly to the Franchise System and GTN’s System Standards and that Franchisee is committed to maintaining System Standards.
- (6) That Franchisee has not received from GTN, and are not relying upon, any representations or guarantees, express, or implied, as to the potential volume, sales,

income, or profits of a NerdsToGo franchise, except as described in GTN's Franchise Disclosure Document.

- (7) That in all of GTN's dealings with Franchisee, GTN's officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between Franchisee and them as a result of this Agreement are deemed to be only between Franchisee and GTN.
- (8) That Franchisee has represented to GTN, to induce GTN's entry into this Agreement, that all statements Franchisee has made, and materials Franchisee has given to GTN are accurate and complete and that Franchisee has made no misrepresentations or material omissions in obtaining the NerdsToGo franchise.
- (9) That Franchisee has read this Agreement and GTN's Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are reasonably necessary for GTN to maintain GTN's high standards of quality and service, as well as the uniformity of those standards at each NerdsToGo franchise, and to protect and preserve the goodwill of the Marks.
- (10) That GTN has the right to restrict Franchisee's sources of other goods and services, as provided in various Sections of this Agreement.
- (11) That GTN has not made any representation, warranty, or other claim regarding this NerdsToGo franchise opportunity, other than those made in this Agreement and GTN's Franchise Disclosure Document, and that Franchisee has independently evaluated this opportunity, including by using Franchisee's business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement.
- (12) That Franchisee has been afforded an opportunity to ask any questions Franchisee has and to review any materials of interest to Franchisee concerning the NerdsToGo franchise opportunity.
- (13) That Franchisee has been afforded an opportunity, and has been encouraged by GTN, to have this Agreement and all other agreements and materials GTN has given or made available to Franchisee reviewed by an attorney and has either done so or waived Franchisee's right to do so.

[Signatures on next page]

Agreed to by:

FRANCHISOR:

GTN CAPITAL GROUP LLC,
a Connecticut limited liability company

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

FRANCHISEE:

[if an individual:]

Name: _____
Date: _____

[if an entity:]

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

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to the Agreement pursuant to:

_____ California
_____ Hawaii
_____ Illinois
_____ Indiana
_____ Maryland
_____ Minnesota
_____ New York
_____ North Dakota
_____ Rhode Island
_____ Virginia
_____ Washington
_____ Other

EXHIBIT “1” TO FRANCHISE AGREEMENT

OWNERSHIP INFORMATION

1. **Form of Ownership.** Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

State: _____

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

EXHIBIT “2” TO FRANCHISE AGREEMENT

TERRITORY

1. The Premises of the Location will be located at:

2. The Territory shall be:

“Will be defined and delineated in black on a map attached hereto once the Location site is selected and a lease is signed.”

FRANCHISOR:

GTN CAPITAL GROUP LLC,
a Connecticut limited liability company

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

FRANCHISEE:
(if an individual)

By: _____
Name: _____
Date: _____

EXHIBIT “3”

TO THE FRANCHISE AGREEMENT

LEASE ACKNOWLEDGEMENT OF UNDERSTANDING

I understand and acknowledge that GTN Capital Group LLC. (“GTN”) does not provide legal advice regarding new location leases, lease renewals or lease amendments (“Lease”). GTN will provide legal information, but legal information is not the same as legal advice - the application of law to a specific circumstance. GTN goes to great lengths to make sure our information is accurate and useful. We recommend that you consult an attorney if you want professional assurance that our information, and your interpretation of it, is appropriate to your particular Lease situation.

Please acknowledge your understanding by signing below:

*First and last name_____

*First and last name_____

*Legal Entity if applicable_____

*Location Number_____

*Franchisee Signature_____

*Date _____

EXHIBIT "4" TO THE FRANCHISE AGREEMENT
AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

GTN CAPITAL GROUP, LLC/PAYEE

BANK NAME

ACCOUNT#

ABA

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "**debits**") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a Depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: _____

Name of Depositor: _____

Designated Bank Acct.: _____

(Please attach one voided check for the above account)

Location: _____

Location #: _____

For Information call: _____

Address: _____

Phone #: _____

Fax #: _____

Name of Franchisee/Depositor (please print)

By: _____

Signature and Title of Authorized Representative

DATE: _____

EXHIBIT “5” TO FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is as of the date that certain Franchise Agreement (the “Agreement”) is signed by us as described below.

By (list each guarantor):

In consideration of, and as an inducement to, the execution of that certain Agreement on this date by GTN Capital Group LLC (“us,” “we,” or “our”), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____ (“**Franchisee**”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, transfer, and arbitration requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its principals, and for so long as we have any cause of action against Franchisee or its principals; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising because of

the undersigned's execution of, and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Subject to the arbitration obligations above and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in state or federal court of general jurisdiction in Dallas, Texas, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

Signatures of Each Guarantor

Percentage of Ownership Interest in Franchisee

%

EXHIBIT "6" TO FRANCHISE AGREEMENT
ACKNOWLEDGMENT OF UNDERSTANDING
BY FRANCHISEE REGARDING TRAINING

You understand and acknowledge that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the NerdsToGo brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages, and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee-related matters.

FRANCHISEE:

**(IF YOU ARE TAKING THE FRANCHISE AS A
CORPORATION, LIMITED LIABILITY
COMPANY, OR PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____ [signature of person signing on behalf of
entity]

Title of Signator: _____

DATED: _____

**(IF YOU ARE TAKING THE FRANCHISE
INDIVIDUALLY AND NOT AS A LEGAL
ENTITY):**

[signature of individual franchisee]

Print Name: _____

DATED: _____

[signature of individual franchisee]

Print Name: _____

DATED: _____

**EXHIBIT “7” TO FRANCHISE AGREEMENT KEY
MANAGEMENT EMPLOYEE DESIGNATION**

In accordance with my Franchise Agreement, this is to verify and validate that I designate _____ as my Key Management Employee to devote his/her full time, best efforts and personal attention to the day-to-day management and operation of the NerdsToGo Location number____.

If the Key Management Employee is not able to continue to serve or no longer qualifies to act as the Key Management Employee, I will notify GTN Capital Group, LLC and designate a replacement Key Management Employee within thirty (30) days after the Key Management Employee ceases to serve in this position.

FRANCHISEE: _____

Franchisee Signature: _____

Location Number: _____

EXHIBIT 8

TO FRANCHISE AGREEMENT AMENDMENT TO GTN CAPITAL GROUP, LLC **FRANCHISE AGREEMENT CONVERSION FRANCHISE**

THE GTN Capital Group, LLC FRANCHISE AGREEMENT between _____ whose address is at _____ (“you” or “your”) and GTN Capital Group, LLC (“we, us, or our”) (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment (the “Effective Date”) (the “Amendment”):

WHEREAS, you operate an existing technology repair and service business (the “Existing Business”); and

WHEREAS, you desire to establish a franchise relationship with us; and

WHEREAS, you desire to obtain the right to convert Existing Business to a NerdsToGo Location (“Conversion Franchise” or “Conversion Location”) and to operate the Conversion Franchise pursuant to the System in accordance with the terms and conditions of the Agreement as amended herein; and

WHEREAS, the parties acknowledge that, unless otherwise defined in this Amendment, all capitalized defined terms used in this Amendment shall have the same meaning as that attributed to such terms in the Agreement;

NOW, THEREFORE, in consideration of the undertakings and commitments of each party to the other party set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

I. INCORPORATION OF TERMS OF AGREEMENT

This Amendment shall amend and supplement the Agreement simultaneously executed by the parties herein. The terms, covenants, and conditions of this Amendment are incorporated into the Agreement, and with respect to any conflict between the two agreements, the terms of this Amendment shall be controlling with respect to the subject matter thereof.

II. AMENDMENTS TO THE AGREEMENT The Agreement shall be amended as follows:

1. Protected Territory

Subsection 2.2. of the Agreement shall be amended as follows:

The Territory for a Conversion Franchise will be a defined area as determined by us. Your Territory will be based on the sales of your Existing Business, and the size of the market. The population may be less for your Territory than the population for

new NerdsToGo location. We will designate and describe your Territory in Exhibit “2” to the Agreement.

2. Determining Location and Territory

Subsection 6.1 of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

You agree to bear the cost and expense for making all alterations, modifications, and improvements as we may deem necessary to convert your Existing Business to a Conversion Franchise. You acknowledge and agree that approving you to operate a Conversion Franchise at the Existing Business’s premises does not constitute a representation, promise, warranty, or guarantee by us that a NerdsToGo location operated at that site will be profitable or otherwise successful.

3. Lease

The first two (2) paragraphs of 6.2. of the Agreement shall be deleted in their entirety.

4. Development

Subsection 6.3 of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Within forty-five (45) days of your execution of this Agreement and the Amendment, you agree to make all alterations, modifications and improvements to the Conversion Franchise premises as reasonably requested by us, which shall include, but not be limited to, replacing any and all signage, replacing the Existing Business’s trade dress with NerdsToGo trade dress, and meeting the current standards of the System Standards. You will also replace all stationery, forms, invoices, business cards and all other written materials used in the technology repair and service business with materials meeting our standards for such items and obtaining and replacing such equipment, computer hardware and software and other equipment (at your option), meeting our specifications and standards necessary to operate the Conversion Franchise under the System Standards; and to cancel and/or replace all forms of advertising, such as social media ads, online presence, and display ads, under the _____ name and substitute advertising approved by us using the Proprietary Marks.

You shall be responsible for obtaining and maintaining all zoning classifications and clearances which may be required by the state, provincial, or local laws, ordinances, or regulations or which may be necessary or advisable as a result of any restrictive covenants relating to the Conversion Franchise’s premises. You agree to obtain and maintain all permits, licenses, and certifications required for the lawful operation of the Conversion Franchise. You will certify in writing to us that the insurance coverage specified in Subsection 7.15. of this Agreement is in full force and effect and that all required approvals, clearances, permits, and certifications related thereto have been obtained within thirty (30) days of your execution of this Agreement and the

Amendment. Upon request, you agree to promptly provide to us additional copies of your insurance policies or certificates of insurance and copies of all of the foregoing approvals, clearances, permits, licenses, and certifications.

With respect to the existing inventory, products, supplies, and other materials currently in use at the Conversion Franchise, we will inspect such items and advise you within thirty (30) days of the execution of this Agreement and the Amendment whether such items meet our standards and specifications. Within forty-five (45) days after the execution of this Agreement and the Amendment, you agree to cease rendering services and remove all products, equipment, signs, interior and exterior decor items, fixtures, furnishings, supplies and other materials that do not conform with the standards and specifications prescribed by us for use under the System, unless such services or other items are otherwise approved in writing by us.

5. Software

Subsection 7.7 of the Agreement shall be supplemented by the addition of the following as the last paragraph of the Section as if it were an original part of the Agreement:

With respect to a Conversion Franchise, we will inspect the existing Computer System, professional automation software, point of sale systems, software, and other systems (“Systems”) currently used at the Conversion Franchise, and advise you within thirty (30) days of the execution of this Agreement and the Amendment whether such items meet our System Standards. If the Systems do not meet our standards and specifications, you agree to obtain and use the Systems we specify within forty-five (45) days of your execution of this Agreement and Amendment.

6. Opening Date

Subsection 6.6 of the Agreement shall be supplemented by the addition of the following as if it were an original part of the Agreement:

With respect to a Conversion Franchise, you acknowledge that time is of the essence. Subject to your compliance with the pre-opening obligations described in Section 6, you agree to complete conversion and commence operating the Conversion Franchise under the NerdsToGo System within ninety (90) days following the date of execution of this Agreement and the Amendment unless you obtain an extension of such time period from us. We will inspect the Conversion Franchise prior to opening to determine whether you have complied with our specifications and standards for conversion to a NerdsToGo Location. We have the right to prohibit you from commencing operation of the Conversion Franchise in the event you fail to comply with such pre-opening obligations.

7. Royalties

Subsection 4.2 of the Agreement shall be supplemented by the following two (2) paragraphs:

In the event you have not commenced operation as a Conversion Franchise within ninety (90) days following the date of execution of this Agreement, effective on the first of the month after the ninety (90) days until commencement of operation of the Conversion Franchise, you will begin paying a minimum monthly Royalty Fee of One Thousand Dollar (\$1,000).

You agree to provide us with your year-end financial statements and other information for the previous twelve (12) month period prior to signing the Agreement to convert your Existing Business to a Conversion Franchise.

8. Market Introduction Plan

Subsection 9.6 of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

9.6. Market Introduction Plan

You agree to pay Ten Thousand Five Hundred Dollars (\$10,500) to us prior to registering for the initial training program for market introduction plan ("Market Introduction Plan") for your Conversion Franchise in your local market administered by our marketing department. We will create a Market Introduction Plan for your Conversion Franchise and will allocate your Market Introduction Plan pre-paid dollars to local programs at our sole discretion that will be scheduled to run for approximately three (3) to four (4) months. The programs included in the Market Introduction Plan include direct mail marketing programs, local digital advertising marketing including local Pay- Per-Click advertising, virtual sales assistant, customer prospecting email campaigns, telemarketing campaigns, and sales promotion items. There is six (6) months of virtual sales assistant customer prospecting email campaigns included in your Market Introduction Plan. Marketing programs are evaluated for effectiveness, and we may make changes to the tactics in order to optimize the Market Introduction Plan. If additional funds remain after we outline the spending on these programs and materials on the elements above, other programs such as local paid media and association marketing opportunities can be included in the pre-paid portion of the Market Introduction Plan. You agree to comply with our guidelines for this Market Introduction Plan. We recommend that you invest additional amounts to local marketing during the first year of the Conversion Franchise's operation.

Upon expiration of the pre-paid marketing dollars referenced above for digital advertising, you are required to continue digital advertising and use our designated vendor to direct web traffic to your Conversion Franchise during your its business hours. Also, if you choose to maintain the virtual sales assistant customer prospecting email campaigns through our designated service, you must pay our designated vendor.

Section 9. of the Agreement shall be supplemented by the addition of the following subsection as if it were an original part of the Agreement:

9.7 Market Introduction Plan

You agree to transfer the Uniform Resource Location (“URL”) for _____ to us within sixty (60) days from the date of signing this Amendment. You will work with us and the domain name registrar to complete any necessary paperwork to complete the transfer of the URL to us. We will allow you to maintain the _____ website, social media accounts, and email for a six (6) month period from the date of this Amendment for the sole purpose of maintaining the business. These URL(s) should not be promoted or marketed. After this six (6) month period, you agree to discontinue the website, social media accounts and email for _____. Upon discontinuance of the _____ website, you agree to put a jump page on the website that is redirected to your Location’s page.

9. Records and Reports

The Agreement shall be supplemented by the addition of the following paragraph to the end of Section 10.2. as if it was an original part of the Agreement.

If we determine that the form and manner which you maintain the books and records of your Existing Business are not consistent with those prescribed by us under the System, you agree to prepare all books and records in the form and manner prescribed by us upon commencing operations as a Conversion Franchise.

10. Termination by US

Subsection 14.1 (v) of the Agreement shall be deleted in its entirety (and section numbers renumbered) and the following shall be substituted in lieu thereof:

(v) If you fail to convert your Existing Business to a Conversion Franchise in accordance with the terms of the Amendment within ninety (90) days of the date of execution of this Agreement and the Amendment;

Subsection 14.1 of the Agreement shall be supplemented by the addition of the following subsection (xx) as if it were an original part of the Agreement:

(xx) If you fail to comply with any of the terms and conditions of this Amendment.

11. Certification of Franchisor’s Compliance

Section 21. of the Agreement shall be supplemented by the addition of the following Subsections (14), (15), and (16) as if they were an original part of the Agreement:

- (14) Except for you, no other person, firm, corporation, or other entity has any right, title, interest in or to you; that your business has not been mortgaged, pledged or assigned; and there are no judgments, liens, executions or proceedings pending which may alter, decrease or remove your interest in such business;
- (15) You acknowledge that the information submitted and representations made to us as an inducement for us to enter into this Agreement and the Amendment are complete, true and correct;
- (16) You acknowledge that by virtue of the terms and conditions of this Agreement and the Amendment the manner and operation of its business must be in strict compliance with the System.

[Signatures appear on following page]

IN WITNESS WHEREOF, you acknowledge that you have read and understand the contents of this Amendment, that you have had an opportunity to obtain the advice of counsel, and that you intend to comply with this Amendment and be bound thereby. The parties have executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

GTN Capital Group, LLC

By: _____

Name: _____

Title: _____

Dated: _____

(*Effective Date of this Agreement)

FRANCHISE:

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

[Print Name of Franchisee Entity]

By: _____

[signature of person signing on behalf of entity]

Title of Signator: _____

DATED: _____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

[signature of individual franchisee]

Print Name: _____

DATED: _____

[signature of individual franchisee]

Print Name: _____

DATED: _____

EXHIBIT 9

TO FRANCHISE AGREEMENT CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Agreement is made and entered into on _____, 20____, between _____ (“Franchisee”) and _____ (“Covenantor”).

WHEREAS, Franchisee is a licensed franchisee GTN Capital Group, LLC, a Connecticut limited liability company (“GTN”), operating a NerdsToGo business (the “Location”) using the GTN system and certain confidential information for the operation of technology repair and service business; and

WHEREAS, GTN owns, and has provided access to Franchisee to certain non-public information of or about GTN’s operating system, GTN, and any NerdsToGo business, including all methods for developing and operating the Location, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how (collectively, “Confidential Information”); and

WHEREAS, Covenantor will have access to the Confidential Information; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises, and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement.

Covenantor shall maintain all Confidential Information. Covenantor shall not at any time make copies of any documents or compilations containing any Confidential Information for any purpose without the express written permission of Franchisee and GTN. Covenantor shall not disclose or permit the disclosure of any Confidential Information to any party except other employees or persons associated with Franchisee and only to the extent necessary to train or assist other employees of Franchisee in the operation of the Location. This covenant shall always continue in full force and effect during and after the Covenantor’s employment with Franchisee.

This is also to provide you with notice that, pursuant to 18 U.S.C. §1833(b), an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret: (i) made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, please note that an individual who files a lawsuit for retaliation by an employer for reporting a

suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, provided that such individual (i) files any document containing the trade secret under seal, and (ii) the individual does not disclose the trade secret, except pursuant to a court order.

In-Term Covenant Not to Compete.

To protect the goodwill and unique qualities of the NerdsToGo system and the confidentiality and value of the Confidential Information, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor covenants that, during the time Covenantor is associated with Franchisee, Covenantor will not:

1. Directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor.
2. Divert or attempt to divert, directly or indirectly or divert, any business, business opportunity or customer of Franchisee or of any other NerdsToGo Location to any Competitor, by direct or indirect inducement or otherwise. **“Competitor”** means any business offering computer and technology repair or service.

Post-Term Covenant Not to Compete.

In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the NerdsToGo system, Covenantor agrees that for two (2) years following the termination of Covenantor’s employment with Franchisee, Covenantor will not, without the prior written consent of GTN:

1. directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor within five (5) miles of Franchisee’s Territory or the territory of any other NerdsToGo business operating on the date of expiration, termination, or transfer, as applicable.

Irreparable Injury.

Covenantor agrees that in the event of a breach of this Agreement, Franchisee and GTN would be irreparably injured and would be without an adequate remedy at law. Therefore, in the event of such a breach or threatened breach, Franchisee and/or GTN shall be entitled, in addition to any other remedies which are made available to it at law or equity, to a temporary and/or permanent injunction, without the necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

Third-party Beneficiary.

GTN is expressly intended to be a third-party beneficiary of this Agreement. GTN shall have the right to enforce this Agreement and all provisions hereof.

No Waiver.

Any failure by Franchisee or GTN to object to or act with respect to any breach of any provision of the Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

Enforcement.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCEPT FOR TEXAS CHOICE OF LAW RULES. COVENANTORS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF DALLAS COUNTY, TEXAS, AND THE FEDERAL DISTRICT COURTS FOR THE NORTHERN DISTRICT OF TEXAS, DALLAS, DIVISION. COVENANTORS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTORS HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW.

COVENANTORS FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE DALLAS COUNTY, TEXAS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

Severability.

Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

Entire Agreement.

This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a writing executed by all parties.

IN WITNESS WHEREOF, the undersigned has entered into this Agreement as witnessed by their signatures below.

FRANCHISEE:

By: _____

Title: _____

Date: _____

COVENANTOR :

By: _____

Date: _____

EXHIBIT C

FRANCHISOR REQUIRED LEASE TERMS

This Addendum to Lease (“Addendum”) is attached hereto and made a part hereof of the Lease (the “Lease”) dated__by and between_____(as “Landlord”) and _____(as “Tenant”) for the premises as more fully described in the Lease (the “Premises”). In the event of a conflict between the terms of this Addendum and the Lease, the terms of this Addendum shall control.

1. Use of Premises.

During the term of Tenant’s franchise agreement (“Franchise Agreement”) or the term of the Lease, whichever is the last to expire, the Premises may be used only for the operation of a computer technology business under the NerdsToGo mark, or such other mark as approved by GTN Capital Group, LLC (“Franchisor”). The NerdsToGo operation specializes in the business of technology sales, repairs, and services, offering a wide variety of computer technology services and products, to include the sale at retail of computers and other technology products, to both residential computer users and business users, and offering complementary products and services as shall be determined over time by the Franchisor. Tenant shall be permitted to use all equipment and machines typical of other NerdsToGo locations. Landlord acknowledges that the foregoing use does not violate any zoning restrictions, restrictive covenants or existing exclusive uses granted to any other tenant or occupant of the shopping center/project/building.

2. Exclusive Use.

During the term of this lease or any renewal or extension, so long as Tenant is not in default under its terms after expiration of applicable notice and cure periods, Landlord, its successors and assigns, hereby agree that they will not lease to any individual or entity, or allow the use of any premises within the shopping center or on property adjacent to the shopping center which is owned, controlled by or under common control with Landlord, its successors or assigns, for the purpose of selling, marketing, producing, installing and/or repairing technology goods and services all items as described in Use of Premises.

3. Signs and Graphics.

Subject to applicable zoning laws and regulations, and any applicable restrictive covenants which Landlord has provided to Tenant prior to the execution of this Lease, NerdsToGo will install its own unique exterior branding which typically includes internally illuminated signage and window graphics. Landlord acknowledges that it is generally familiar with Tenant’s storefront designs and trade colors. It shall be unreasonable for Landlord to disapprove of professionally designed, lawfully permitted storefront designs generally consistent with the

NerdsToGo Brand Standards. Tenant shall be allowed to install the maximum allowable signage.

4. Operating Covenant.

Provided Tenant continues to pay minimum rent and all other charges due under the Lease, Tenant shall have the right during the term of the Lease and any option periods to cease the operation of its NerdsToGo business. In addition, in no event shall Tenant be required to maintain any specified shopping center hours.

5. Quiet Enjoyment.

Landlord warrants and represents that the Landlord is the owner of the Leased Premises, has full authority and right to lease the Premises and enter into this Lease. The landlord will defend Tenant's right to quiet enjoyment of the Leased Premises from the claims of all persons during the lease term. Notwithstanding any federal, state or local law to the contrary, in the event any mortgage holder or other party acquires the right and title to Landlord's interest in the shopping center whether through purchase, foreclosure or deed in lieu of, it is expressly agreed and understood that the Lease and Tenant's rights hereunder shall be protected and the acquiring party shall be bound by all the terms and covenants of Landlord under this Lease as though the acquiring party had actually entered into the Lease with Tenant.

6. Assignment and Sublet.

Landlord and Tenant recognize GTN Capital Group LLC ("Franchisor") and Tenant have entered into a Franchise Agreement to open a NerdsToGo in the Premises. Upon Tenant's default or termination of the Franchise Agreement and/or Tenant's default under the Lease, Franchisor shall be permitted to assume this Lease from Tenant with all of the rights and obligations of Tenant provided Franchisor gives Landlord written notice of Franchisor's intent to assume the Lease and cures any of Tenant's defaults within fifteen days of the expiration of Tenant's time period for curing such defaults under the Lease. The franchisor may assign or sublease the Premises to any franchisee that meets Franchisor's standard qualifications. Upon Franchisor assigning the Lease to such a franchisee, Franchisor shall be released as Tenant on the following conditions: (i) the use of the Premises remains the same; and (ii) such franchisee has a tangible net worth of at least three hundred thousand dollars (\$300,000). The landlord will not unreasonably withhold approval. Further, if Franchisor is the Tenant under this Lease, the direct or indirect change of control of Franchisor shall not constitute an assignment of this Lease.

7. Franchisor's Rights.

Franchisor shall have the right to enter the Premises to make any reasonable non-structural, non-storefront modifications or reasonable non-structural, non-storefront alterations necessary to protect Franchisor's interest in the NerdsToGo business and proprietary marks or

to cure any default under the Franchise Agreement or any development agreement entered into by Franchisor and Tenant or under the Lease, and Landlord agrees that Franchisor shall not be liable for trespass or any other crime or tort.

8. Lease Renewal, Amendments and other Assignments.

Landlord agrees that Tenant shall not otherwise amend, assign, renew or extend the term of the Lease without the prior written consent of Franchisor.

9. Waiver of Landlord Lien.

Notwithstanding anything to the contrary in this Lease, Landlord expressly waives any and all liens it may have or acquire pursuant to the Lease or by law with respect to Tenant's fixtures, equipment, and other personal property. Landlord acknowledges and agrees that Tenant's or Franchisor's lender (the "Equipment Lender") may own/hold a security interest senior to that of Landlord in all such fixtures, equipment and personal property.

Landlord shall permit Equipment Lender to enter the Premises to remove such fixtures, equipment, and personal property in the event Tenant defaults under the Lease, vacates, abandons or otherwise surrenders the Premises, or upon mutual cancellation of the Lease, or otherwise jeopardizes Equipment Lender's security interest in the fixtures, equipment and personal property.

10. Financing.

This Lease shall be expressly conditioned upon Tenant securing adequate financing. Tenant shall give Landlord notice upon obtaining such financing.

11. Parking and Common Areas.

Subject to local code restrictions, Landlord shall make two (2) parking spaces in front of the Premises reserved for Tenant's exclusive use for the term of the Lease. Tenant shall have the non-exclusive right to utilize all remaining parking spaces and common areas serving the Premises.

Tenant shall have the right to park its Branded Vehicle in the Center Parking areas overnight and otherwise on an on-going basis. During normal and after business hours, Tenant shall have the right to park Branded Vehicles not in use in the parking spaces closest to the primary artery servicing the shopping center. In no event will Tenant be required to park its Branded Vehicle in the rear of the shopping center or the Premises.

12. Environmental.

Landlord agrees to remove all hazardous materials from the Premises prior to the date on which it delivers possession of the Premises to Tenant (the "Possession Date"). Tenant shall indemnify Landlord for any and all loss, costs, claims or damages (including attorney's fees) as a result of hazardous materials brought to the shopping center or the Premises by Tenant or its agents, employees or contractors, and Landlord shall indemnify Tenant for any and all loss, costs, claims or damages (including attorney's fees) as a result hazardous materials at the Premises or the shopping center prior to the Possession Date or brought to the shopping center or the Premises by anyone other than Tenant, its agents, employees or contractors. Landlord shall provide to Tenant prior to the Possession Date copies of any and all environmental assessments, tests, evaluations or studies conducted on the shopping center or the Premises. If any such reports indicate that there is contamination or if Landlord fails to deliver such reports, Tenant may terminate the Lease.

13. Affiliates.

Landlord agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Franchisor will have any liability for: (i) any of Franchisor's obligations or liabilities relating to or arising from this Lease; (ii) any claim against Franchisor based on, in respect of, or by reason of, the relationship between Landlord and Franchisor; or (iii) any claim against Franchisor based on any alleged unlawful act or omission.

14. Remodel.

The tenant will have the right to remodel the non-structural interior portions of the Premises and to replace the exterior signage with its current prototype store design and layout.

15. Relocation.

Notwithstanding anything to the contrary in the Lease, the Premises shall not be relocated.

16. Force Majeure

The time for performance by Landlord or Tenant of any term, provision or covenant of this Lease shall be deemed extended by time lost due to delays resulting from acts of God, strikes, unavailability of building materials, civil riots, floods, pandemics or epidemics, material or labor restrictions by governmental authority, enforcement of governmental regulations or requirements, and any other cause not within the control of Landlord or Tenant, as the case may be.

17. Notices.

Landlord agrees to furnish Franchisor with copies of any material changes to the lease and all default letters and notices sent to Tenant pertaining to the Lease and the Premises, at the same time that such letters and notices are sent to Tenant. Landlord further agrees that, if it intends to terminate the Lease, the Landlord will give Franchisor thirty (30) days advance written notice of such intent, specifying in such notice all defaults that are the cause of the proposed termination. Franchisor shall have after the expiration of the period during which Tenant may cure such default, an additional fifteen (15) days (or if there is no cure period, at least fifteen (15) days) to cure, at its sole option, any such default. If neither Tenant nor Franchisor cures all such defaults within said time periods (or such longer cure period as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises and exercise all of its other post-termination rights as set forth in the Lease.

All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first class postage prepaid, electronic mail (provided that the sender receives confirmation that the e-mail has been delivered), facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be

addressed to: GTN Capital Group
LLC 2542 Highlander Way
Carrollton, Texas 75006-
2333 Attention: Legal
Department
Email: legalnotices@propelledbrands.com
Facsimile: (866) 897-6155

If directed to Tenant, the notice shall be addressed to:

Attention: _____

If directed to Landlord, the notice shall be addressed to:

Attention: _____

Facsimile: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices that are given by electronic mail or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and national holidays.

The terms of this Addendum will supersede any conflicting terms of the Lease.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the day and year set forth in the Lease.

WITNESS

LANDLORD

(Signature)

(Signature)

WITNESS

TENANT

(Signature)

(Signature)

EXHIBIT D

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 GTN Capital Group LLC, a Connecticut limited liability company (“GTN”).

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 GTN, 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 cross-claim, 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 GTN reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

5. State Addenda.

[Maryland Residents]: This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Washington Residents]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

Name: _____
Date: _____

EXHIBIT E
FINANCIAL STATEMENTS

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Financial Statements For the years ended December 31, 2022 and 2021

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Financial Statements
For the years ended December 31, 2022 and 2021

Propelled Brands Franchising, LLC and Subsidiaries

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Independent Auditor's Report

Board of Directors
Propelled Brands Franchising, LLC and Subsidiaries
Carrollton, Texas

Opinion

We have audited the consolidated financial statements of Propelled Brands Franchising, LLC (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, changes in member's 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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, effective December 28, 2021, as a transaction among entities under common control and all prior financial information has been recast to reflect the Reorganization Transaction as of the earliest period presented under common control, March 13, 2019. Prior to March 13, 2019, the consolidated financial statements reflect the historical financial information of FASTSIGNS International, Inc. and, therefore, is not comparable. Our opinion is not modified with respect to this matter.

As discussed in Note 5 to the consolidated financial statements, the Company changed its method of accounting for leases in 2022 due to the adoption of Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

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.

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.

BDO USA, LLP

Dallas, Texas
April 28, 2023

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Balance Sheets

<i>As of December 31,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 11,866,419	\$ 5,842,325
Accounts receivable - net	5,062,196	3,934,585
Current portion of notes receivable - net	91,504	132,084
Amounts due from affiliates	-	844,519
Prepaid expenses	2,561,724	2,658,939
Other current assets	640,893	825,033
Total current assets	20,222,736	14,237,485
Fixed assets - net		
Fixed assets - net	9,996,833	8,871,348
Right of use assets - net	44,760,873	-
Other intangibles - net	83,841,171	87,935,054
Goodwill - net	296,897,247	296,824,386
Notes receivable, less current portion - net	111,093	75,765
Other assets	2,297,840	2,600,564
Total assets	\$ 458,127,793	\$ 410,544,602

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Balance Sheets (continued)

<i>As of December 31,</i>	2022	2021
Liabilities and Member's Equity		
Current liabilities		
Accounts payable	\$ 994,642	\$ 1,231,129
Accrued liabilities	7,779,892	6,296,029
Deferred revenue	3,619,688	3,511,196
Current portion lease liabilities	3,841,036	-
Income tax payable	1,817,613	2,658,989
Total current liabilities	18,052,871	13,697,343
Deferred revenue - less current portion	9,831,490	11,448,858
Unfavorable leases - net	-	515,600
Other long-term liabilities	-	1,520,269
Lease liabilities - less current portion	40,413,908	-
Deferred tax liabilities	17,037,959	17,564,146
Total liabilities	85,336,228	44,746,216
Commitments and Contingencies (Note 5)		
Member's equity		
Common stock, \$1.00 par value		
Authorized shares - 100,000, issued and outstanding shares - 1,000	1,000	1,000
Additional paid-in capital	315,400,882	326,062,998
Retained earnings	57,389,683	39,734,388
Total member's equity	372,791,565	365,798,386
Total liabilities and member's equity	\$ 458,127,793	\$ 410,544,602

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Income

<i>For the years ended December 31,</i>	2022	2021
Revenues		
Franchise sales	\$ 3,373,128	\$ 2,242,187
Royalties	45,832,770	36,660,610
Rental income	11,907,621	5,669,980
Other revenue	5,952,703	6,940,342
Total revenues	67,066,222	51,513,119
Costs and expenses		
Cost of goods sold	3,374,481	4,376,987
Selling, general, and administrative	37,229,030	25,296,487
Depreciation and amortization	4,092,237	3,215,353
Total costs and expenses	44,695,748	32,888,827
Operating Income	22,370,474	18,624,292
Other income (expenses)		
Interest income (expense)	199	(279)
Foreign currency exchange	(43,356)	(10,027)
Gain on sale of assets	253,092	-
Other income	-	7,162
Total other income (expense), net	209,935	(3,144)
Income before taxes	22,580,409	18,621,148
Income tax expense	4,925,114	5,909,117
Net income	\$ 17,655,295	\$ 12,712,031

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Changes in Member's Equity

	Common stock Shares	Amount	Additional Paid-in Capital	Retained Earnings	Total
Balance at December 31, 2020	1,000	\$ 1,000	\$ 264,142,939	\$ 27,022,357	\$ 291,166,296
Effect of Reorganization Transaction	-	-	81,167,101	-	81,167,101
Parent Company advances - net	-	-	(19,984,602)	-	(19,984,602)
Share-based compensation	-	-	737,560	-	737,560
Net income	-	-	-	12,712,031	12,712,031
Balance at December 31, 2021	1,000	\$ 1,000	\$ 326,062,998	\$ 39,734,388	\$ 365,798,386
Parent Company advances - net	-	-	(11,618,027)	-	(11,618,027)
Share-based compensation	-	-	955,911	-	955,911
Net income	-	-	-	17,655,295	17,655,295
Balance at December 31, 2022	1,000	\$ 1,000	\$ 315,400,882	\$ 57,389,683	\$ 372,791,565

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31,	2022	2021
Operating activities		
Net income	\$ 17,655,295	\$ 12,712,031
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	58,670	89,627
Depreciation & amortization	4,043,757	3,215,353
Share-based compensation expense	955,911	737,560
Gain on sale of assets	(253,092)	-
Deferred income taxes	(526,188)	(68,902)
Amortization of right-of-use asset	3,957,006	-
Changes in operating assets and liabilities, net of businesses acquired:		
Accounts and notes receivable, trade	(1,222,781)	(161,887)
Amount due to/from affiliate	844,519	308,720
Prepaid expenses	61,885	(512,331)
Other assets	410,263	(1,056,611)
Income taxes payable	(841,376)	(81,189)
Accounts payable	(236,487)	129,978
Accrued liabilities	1,499,001	3,351,612
Intangible liabilities - unfavorable leases	-	569,926
Other long-term liabilities	(2,367,045)	1,520,269
Deferred revenue	108,492	713,572
Operating lease obligation	(3,613,275)	-
Net cash provided by operating activities	20,534,555	21,467,728
Investing activities		
Capital expenditures	(3,563,623)	(1,734,538)
Proceeds from sale of assets	725,000	-
Acquisition of a business, net of cash acquired	-	(1,745,946)
Net cash used in investing activities	(2,838,623)	(3,480,484)
Financing activities		
Payments on finance lease	(53,811)	-
Net advances to parent	(11,618,027)	(19,371,672)
Net cash used in financing activities	(11,671,838)	(19,371,672)
Net increase (decrease) in cash and cash equivalents	6,024,094	(1,384,428)
Cash and cash equivalents at beginning of year	5,842,325	7,226,753
Cash and cash equivalents at end of year	\$ 11,866,419	\$ 5,842,325

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Cash Flows

Supplemental disclosure:

Cash paid for income taxes	\$ 2,603,475	\$ 3,223,390
Cash received for interest	\$ 695	\$ -

Supplemental noncash disclosures:

Effect of the Reorganization Transaction	\$ -	\$ 81,167,101
Parent Company advances - net	\$ -	\$ (612,930)
Right-of-use assets recorded upon adoption of ASC 842	\$ 42,546,655	\$ -
Right-of-use liabilities recorded upon adoption of ASC 842	\$ 41,754,431	\$ -
Operating right-of-use assets obtained in exchange for right-of-us liabilities	\$ 1,183,320	\$ -
Non-cash impact of lease modifications	\$ 4,987,904	\$ -

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

Propelled Brands Franchising, LLC (the “Company”), a Delaware limited liability company, was formed on December 28, 2021 and directly or indirectly wholly owns all of the outstanding stock of FASTSIGNS International, Inc. (“FII”), Suite Management Franchising, LLC (“SMF”), SMF Corporate Stores, LLC (“SMC”), GTN Capital Group, LLC (“GTN”), and More Than IT LLC (doing business as NerdsToGo “NTG”).

FII sells franchises for the operation of B2B business establishments known as FASTSIGNS Centers. FII franchises directly in the United States, Canada, the United Kingdom and Grand Cayman. The franchises operate primarily in the United States. In addition, FII sells and supports master or area franchises in Australia, Chile, France, Malta and Spain. The FASTSIGNS franchise business specializes in selling, marketing, producing and installing visual communications including signs (both non-electrical and electrical), graphics, banners, flags, vehicle graphics, vehicle wraps, wayfinding signage, compliance signs, dimensional letters, dimensional signage, ready-to-apply lettering, exhibits and displays, decals and labels, exhibits, trade show and other displays, digital imaging, printing (including small format, large format and grand format), advertising and promotional products (including wearables), electronic or digital signage, logo/artwork design and illustration, product wraps and other related graphics, marketing services and complementary products and services. As of December 31, 2022 and 2021, there were 765 and 761, respectively, franchised locations in operation, both nationally and internationally.

SMF operates a franchising business that provides others with the opportunity to operate a salon suite business, serving as a property owner and business consultant to health and beauty professionals, renting private individualized space to the professionals. SMC operates company-owned salon suite properties. As of December 31, 2022, there were 231 franchised locations and 31 corporate locations in operation. As of December 31, 2021, there were 192 franchised locations and 31 corporate locations in operation.

GTN operates a franchising business that provides others with the opportunity to operate a technology sales, repair and service business under the service mark “NerdsToGo” and provide a wide variety of Information Technology solutions for small to medium sized businesses and homes through mobile service vans and service centers. NTG operates a single company center in Guilford, CT. As of December 31, 2022, there were 32 franchised locations and 1 corporate location in operation. As of December 31, 2021, there were 30 franchised locations and 1 corporate location in operation.

On March 13, 2019, Fastsigns Holdings Inc. (“Holdings” or “Parent”) acquired all of the outstanding shares of Display Holding Company Inc., which indirectly wholly owns all of the outstanding stock of FII. On September 9, 2020, Saldon Holdings, Inc. (“Saldon”), an indirect wholly owned subsidiary of Holdings and immediate parent of the Company, acquired all of the outstanding shares of NTG and on June 25, 2021, Suite Management Holdings, LLC (“Suite Management”), a direct wholly owned subsidiary of Saldon, acquired all of the outstanding shares of SMF. On December 28, 2021, the Company issued shares to Saldon in exchange for Saldon’s direct and indirect ownership interest in FII, NTG and SMF (the “Reorganization Transaction”). This Reorganization Transaction was accounted for as a transfer among entities under common control, as reflected in the accounts of Holdings, Saldon or Suite Management, as applicable. All prior period financial information has been recast to reflect the Reorganization Transaction.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

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

Acquisition of Dream Team Suites

On December 30, 2021, the Company executed an asset purchase agreement for two corporate salon suite locations owned by Dream Team Suites, LLC, a third party. The cash consideration paid of \$1,745,946 was allocated to the assets acquired and liabilities assumed by the Company based on management estimates of their fair value in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805, Business Combinations, on the date of acquisition.

The total purchase price was allocated as follows:

Property and equipment	\$	1,672,010
Member security deposits		(33,834)
Goodwill		107,770
Total consideration	\$	1,745,946

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company maintains cash in financial institutions, which at times may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on such accounts. As of December 31, 2022 and 2021, cash and cash equivalents includes \$240,814 and \$504,489, respectively, held in foreign bank accounts.

The Company maintains some of its cash in U.S. transaction accounts which are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000 per depositor. As of December 31, 2022, the Company’s uninsured deposits in its deposit accounts with a U.S. bank totaled approximately \$11,391,217. The Company does not believe the unsecured funds are at risk.

Financial Instruments

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of accounts and notes receivable related to royalties owed by franchisees. Credit risks with respect to royalty receivables are limited due to the large number of franchisees comprising the Company’s franchisee base. The Company performs ongoing evaluations of the franchisees’ financial condition and maintains allowances for potential credit losses which, when incurred, have been within the range of management expectations.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Accounts Receivable

Accounts receivable consist primarily of royalty billings to franchisees and are due within 30 days. Accounts receivables are stated at amounts net of an allowance for doubtful accounts. In order to estimate and assess the collectability of accounts receivable, the Company monitors the current creditworthiness of each franchisee and analyzes the aging of related past due balances. The allowance requirements are based on current facts, and the estimates are reevaluated and adjusted as additional information is obtained. Accounts receivable are written off through the allowance account when it is determined the receivable will not be collected. Accounts receivable may also be converted to notes receivable due from franchisees at the discretion of the Company.

Changes in the Company's allowance for doubtful accounts, including accounts and notes receivable, for the years ended December 31 are as follows:

	2022	2021
Beginning balance	\$ 778,691	\$ 786,928
Bad debt expense, net of recoveries	58,670	89,627
Write-offs	(42,951)	(97,864)
Ending balance	\$ 794,410	\$ 778,691

Notes Receivable

FII has notes receivable that are due from franchisees and bear interest at rates per annum ranging from 6% to 10%. The notes are generally secured by the assets of the related FASTSIGNS stores. The notes receivable balance as of December 31, 2022 and 2021 were \$294,403, and \$329,582, respectively. The allowance for doubtful accounts balance related to notes receivable was \$91,806 and \$121,733 as of December 31, 2022 and 2021, respectively.

FII has a Master Franchising Agreement with Ideal Signs Pty Ltd ("Ideal Signs"). Ideal Signs serves as the Master Franchisor in Australia and incurs all expenses and liabilities associated with franchises located in Australia. Ideal Signs pays the Company a 2% royalty percentage in accordance with the Master Franchising Agreement and has a note with FII with a balance of \$110,151 as of December 31, 2022, and \$137,126 as of December 31, 2021. The allowance for doubtful accounts balance for the Master Franchisor notes receivable was \$88,121, and \$79,233 as of December 31, 2022 and 2021, respectively.

Fixed Assets

Fixed assets associated with an acquisition are recorded at fair value at the date of acquisition and subsequent purchases are recorded at cost. Depreciation is determined using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Furniture, equipment and internally developed software have an estimated useful life of three to five years, and leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the assets. Maintenance and repairs are charged to expense as incurred.

The Company reviews the carrying value of fixed assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as other economic factors. No impairment was recognized in 2022 or 2021.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Goodwill and Other Intangible Assets

Goodwill represents the excess of consideration transferred over the fair value of the tangible and intangible net assets acquired. Intangible assets are recorded at their fair value at the date of acquisition.

Under FASB ASC 350, Intangibles, Goodwill and Other (“ASC 350”), the Company does not amortize goodwill and determines if intangibles have a finite future life and should be amortized or an indefinite life not subject to amortization. Finite and indefinite lived intangibles are evaluated for impairment when current facts or circumstances indicate that the carrying value of the assets may not be recoverable and/or if there is a change in the useful life of the finite intangible. Amortization is recorded using the straight-line method over the following estimated useful lives of the asset:

Trade names	10 years to indefinite
Program materials	3 years
Internally developed software	3 years
Favorable lease	1-12 years
Unfavorable lease	3-9 years
Franchise agreements	1-20 years

Due to the adoption of ASC 842, favorable and unfavorable lease intangible assets and liabilities have been derecognized and are part of the ROU asset balances effective January 1, 2022.

In accordance with ASC 350, the Company evaluates goodwill for impairment whenever events or changes in circumstances indicate that the fair value of the entity may be below its carrying amount. When necessary, a goodwill impairment loss is measured as the amount by which the carrying amount of the Company, including goodwill, exceeds its fair value. Any goodwill impairment loss determined shall not exceed the carrying amount of goodwill.

The Company determined that there were no indications of impairment in 2022 or 2021 related to goodwill or other intangibles.

Income Taxes

The Company is a single member limited liability company that is disregarded for federal tax reporting purposes. The Company is included in a consolidated Federal tax return with Holdings. FII is a regarded corporate taxpayer. SMF, SMC, GTN, and NTG are all single member limited liability companies that are disregarded for federal tax reporting. The consolidated financial statements for the Company have been prepared as if the Company was a stand-alone taxpayer for the regarded corporate entity (FII) only.

Deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company accounts for uncertain tax provisions using a two-step process. The Company first determines whether it is more-likely-than-not that a tax position will be sustained upon examination. If a tax position meets the more-likely-than-not threshold it is then measured to determine the amount of expense to record in the consolidated financial statements. The tax position is measured as the largest amount of expense with a greater than 50 percent likelihood of being realized upon ultimate settlement. Penalties and interest incurred are recognized in income tax expense.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Revenue Recognition

The Company's revenues consist of franchise sales including initial franchise and sub-franchise fees, franchise re-sale transfer fees, and renewal franchise fees, royalties based on a percent of franchisee sales, salon suite rental income, and other revenue including general contracting construction sales, and sales of equipment, services, supplies and inventory. Some franchises are master franchise arrangements with development rights across a defined territory or multiple territories. Typical agreements governing the franchise relationship range from 10 to 20 years in length, whereby the initial franchise and transfer fees are typically collected upon agreement execution and prior to the start of the Company's performance obligations.

The Company recognizes revenue in accordance with FASB ASC Topic 606 (which addresses revenue from contracts with customers) and Topic 842 (which addresses lease revenue with the adoption of ASC 842 as of January 1, 2022).

The Company has defined its distinct and non-distinct performance obligations required under the terms of the various contracts. For its franchise agreements, the Company believes that portions of certain Pre-Opening Services; the initial training, site selection and development services, benefit the Franchisee without its use of the license and are therefore considered distinct performance obligations separable from the franchise right. Performance obligations for initial training, site selection and development services are generally satisfied as of the opening date for a franchise center. To allocate the initial franchise and transfer fees to the associated performance obligations, the Company used an expected cost plus a margin approach to determine the amount of the initial franchise or transfer fee identified with the distinct portion of the initial training, site selection and development services. This total distinct amount is recognized upfront, and the remaining non-distinct portion of the total franchise fee is allocated to symbolic intellectual property and recognized over the agreement term starting from the opening date of the franchise center. Due to the immaterial nature of renewal franchise fees, they are recognized upon agreement execution. Certain franchise agreements may also include a financing component, but the Company has determined that the total interest amount related to these franchise agreements is immaterial to its consolidated financial statements

Royalties are generally based on a percent of franchisee sales differing by brand ranging from 2% to 8% and are recognized at the time the underlying franchisee's sales occur.

To secure new franchises, the Company uses its sales force, and in certain instances, third party brokers to obtain leads for new franchise arrangements. The costs for internal sales commissions and third-party broker fees are amortized over the agreement term of each respective contract starting from the opening date of the franchise center.

Balance sheet balances related to ASC 606 consists of the following on December 31:

	2022	2021
Deferred Revenue:		
Current deferred revenue	\$ 3,619,688	\$ 3,511,196
Non-current deferred revenue	9,831,490	11,448,858
Total deferred revenue	\$ 13,451,178	\$ 14,960,054

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Deferred Expense:

Current deferred expense (included in prepaid expenses)	\$ 973,726	\$ 882,884
Non-current deferred expense (included in other assets)	2,255,600	2,105,312
Total deferred expense	\$ 3,229,326	\$ 2,988,196

Under ASC 842, Leases, the Company sublets compartmentalized spaces to non-related parties at a weekly rate for periods of generally one year (lessor). Lessor accounting in ASC 842 remains largely unchanged from ASC 840. These lessor transactions do not transfer ownership to the lessee and with lease terms substantially shorter than the life of the underlying asset, the Company continues to characterize these as operating leases under ASC 842. Therefore, there is no impact to revenue recognition of the lessor transactions at adoption. The Company continues to recognize rental income on a weekly basis over the life of the lease as collectability is probable.

Other revenue earned was \$5,952,703 and \$6,940,342 for the years ending December 31, 2022 and 2021, respectively. Other revenue is comprised of three major categories: franchisee new center openings which includes the sale of equipment and location finishings, vendor rebates, and other services related to opening a new franchise center; the sale of goods and services by all brands including the Company's NerdsToGo Corporate Store; and ongoing franchisee support services provided by the franchisor. Revenue earned for new center openings, sale of goods and services, and franchisee support was \$3,102,827, \$1,292,642, and \$1,557,234; and \$4,940,899, \$1,196,036, \$803,407, respectively for the years ending December 31, 2022 and 2021, respectively. Under ASC 606 the revenue is recognized when the goods or services are transferred to the customer for the total consideration anticipated to be received.

Equity-based Compensation

The Company accounts for equity-based compensation under FASB ASC Topic 718, *Compensation-Stock Compensation*. The Company recognizes all share-based payments to employees, including grants of employee stock options, as compensation expense based on their estimated fair values over the requisite service period, which is generally the vesting period of the awards. The Company currently estimates stock option forfeitures at the inception of the stock option agreement. The Company adjusts its estimates when the actual forfeitures are likely to change or differ from estimates. The Company estimates the fair value of each stock option award on the date of grant using the Black-Scholes option valuation model. The expected life of each award granted is determined using the average of the weighted-average vesting term and contractual term. Expected volatility is based on the historical volatility of similar entities whose share or option price is publicly available with a similar vesting and contractual term. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury issues with terms approximately equal to the expected life of the option. The Company has never paid any cash dividends and, accordingly, the Company uses an expected dividend yield of zero.

Advertising Costs

The Company expenses the costs of advertising when incurred. Advertising expense was \$2,187,286 and \$932,561 for the years ended December 31, 2022 and 2021, respectively.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("US GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Contingencies

Various legal actions and claims, which have arisen in the normal course of business, may be pending against the Company from time to time. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

Fair Value of Financial Instruments

In accordance with FASB ASC 820 *Fair Value Measurements*, certain assets and liabilities are carried at fair value and are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The Company believes the carrying amounts of financial instruments as of December 31, 2022 and 2021 including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to their short maturities. The Company's notes receivable bear interest at market rates and management does not believe there has been a change in the franchisees' credit quality from the date of issuance. Thus, management believes their carrying amounts approximate fair value.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2018-19"), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments ("ASU 2019-04"), which clarifies the treatment of certain credit losses. In May 2019, the FASB issued ASU No. 2019-

Propelled Brands Franchising, LLC and Subsidiaries

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05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief (“ASU 2019-05”), which provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the FASB issued ASU No. 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses (“ASU 2019-11”), which provides guidance around how to report expected recoveries. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 (collectively, “ASC 326”) are effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

Recent Accounting Pronouncements Adopted

In January 2017, the FASB issued ASU 2017-04, “Intangibles - Goodwill and Other”, which simplifies the test for goodwill impairment by removing the second step of the two-step impairment test. An entity will no longer determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Instead, an entity should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. All other goodwill impairment guidance will remain largely unchanged. For nonpublic entities, the standard is effective for annual periods beginning after December 15, 2022 with early application permitted for tests performed after January 1, 2017. The Company adopted this standard on January 1, 2021 and the adoption had no impact on the Company’s financial position or results of operations.

In December 2019, the FASB released ASU 2019-12, “Income Tax (Topic 740): Simplifying the Accounting for Income Taxes”, which affects general principles within Topic 740, Income Taxes. The amendments of ASU 2019-12 are meant to simplify and reduce the cost of accounting for income taxes. The FASB has stated that the ASU is being issued as part of its Simplification Initiative, which is meant to reduce complexity in accounting standards by improving certain areas of GAAP without compromising information provided to users of consolidated financial statements. The standard is effective for annual periods beginning after December 15, 2021 with early adoption permitted. The Company adopted this standard on January 1, 2022 and the adoption had no impact on the Company’s financial position.

The FASB previously issued six ASU’s related to leases. The ASUs issued were: (1) in February 2016, ASU 2016-02, “Leases (Topic 842)”, (2) in January 2018, ASU 2018-01, “Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842”, (3) in July 2018, ASU 2018-10, “Codification Improvements to Topic 842, Leases”, (4) in July 2018, ASU 2018-11, “Targeted Improvements”, (5) in December 2018, ASU 2018-20, “Leases (Topic 842): Narrow-Scope Improvements for Lessors” and (6) in March 2019, ASU 2019-01, “Leases (Topic 842): Codification Improvements.” ASU 2016-02 requires lessees to recognize most leases on the balance sheet as liabilities, with corresponding right-of-use assets. For income statement recognition purposes, leases will be classified as either a finance or operating lease in a manner similar to the requirements under the previous lease accounting literature, but without relying upon the bright-line tests. The amendments in ASU 2018-01 specify how land easements are within the scope of ASC 842 and permit a practical expedient to not assess whether expired or existing land easements that were not previously accounted for as leases are leases under ASC 842. The amendments in ASU 2018-10 affect narrow aspects of the guidance issued in the amendments in ASU 2016-02. The amendments in ASU 2018-11 provide an optional method for adopting the new leasing guidance and provide lessors with a practical expedient to combine lease and associated non-lease components by class of underlying asset in contracts that meet certain criteria. The amendments in ASU 2018-

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

20 provide an accounting policy election permitting lessors to treat certain sales and other similar taxes incurred as lessee costs, guidance on the treatment of certain lessor costs and guidance on recognizing variable payments for contracts with a lease and non-lease component. The amendments in ASU 2019-01 affect narrow aspects of the guidance issued in the amendments in ASU 2016-02. These ASUs are effective for annual periods in fiscal years beginning after December 15, 2021.

The Company adopted these ASUs in the annual reporting period ended December 31, 2022. The transitional guidance for adopting the requirements of ASU 2016-02 calls for a modified retrospective approach that includes a number of optional practical expedients that entities may elect to apply. In addition, ASU 2018-11 provides for an additional (and optional) transition method by which entities may elect to initially apply the transition requirements in Topic 842 at that Topic's effective date of January 1, 2022 with the effects of initially applying Topic 842 recognized as a cumulative effect adjustment to the opening balance of member's deficit in the period of adoption and without retrospective application to any comparative prior periods presented. The company elected certain additional practical expedients, including the package of transition practical expedients which does not require the Company to (i) reassess whether any expired or existing contracts are or contain leases, (ii) reassess the lease classification for any expired or existing leases, and (iii) reassess initial direct costs for any existing leases. The Company also elected to not separate lease and non-lease components when calculating the lease obligation and associated ROU asset for its equipment leases. The company made another election to use treasury bond rates with maturity dates that are closest to the life of the lease as the discount rate for calculating the present value of future cash flows. The Company also made an accounting policy election to exempt short-term leases of 12 months or less from balance sheet recognition requirements associated with the new standard; fixed rental payments for short-term leases will be recognized as a straight-line expense over the lease term.

As a result of the adoption of the leasing guidance, the consolidated balance sheet as of January 1, 2022 reflected \$41.7 million of operating and \$0.1 million of financing lease liabilities, along with corresponding right-of-use operating assets of \$42.4 million and right-of-use financing assets of \$0.1 million, reflecting adjustments for items such as deferred rent, prepaid rent, unamortized lease incentives, and unamortized favorable and unfavorable lease intangibles.

3. Related Party Transactions

The Company performs certain bookkeeping and administrative services for and allocates facility and supply resources to an advertising cooperative. Amounts reimbursed at cost related to these services were \$1,043,579 and \$944,363 in 2022 and 2021, respectively. For 2022 and 2021, the Company earned royalty revenue of 6% of the advertising cooperative's sales to parties other than FASTSIGNS franchises. Royalty revenue earned from the cooperative under the National Accounts was \$971,709 and \$644,458 in 2022 and 2021, respectively. This advertising cooperative is for the sole benefit of the FASTSIGNS franchisees. Accounts receivable from the advertising cooperative and national accounts were \$410,425 and \$844,519 at December 31, 2022 and 2021, respectively. See Note 10 - Receivable from Parent Company for additional related party disclosure.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

4. Fixed Assets

Fixed assets consist of the following at December 31:

	2022	2021
Furniture, equipment and internally developed software	\$ 5,569,044	\$ 5,791,504
Leasehold improvements	8,058,589	7,523,823
Total fixed assets	13,627,633	13,315,327
Less: accumulated depreciation	(3,630,800)	(4,443,979)
Fixed assets, net	\$ 9,996,833	\$ 8,871,348

The furniture, equipment and developed software have an expected life of three to five years, and leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the assets. Depreciation expense was \$1,957,467 and \$1,133,232 for the years ended December 31, 2022 and 2021, respectively.

5. Leases

The Company primarily leases commercial retail space associated with its MY SALON Suite and Salon Plaza brands and subleases compartmentalized suites to beauty professionals at a weekly rate for periods of generally one year. The lessee arrangements account for the significant portion of the lease liabilities and right-of-use assets on the consolidated balance sheet. The lessor arrangements and the applicable accounting guidance are more fully explained in this report under *Revenue Recognition*.

The base terms for most of our lease arrangements typically do not extend beyond 10 years. We commonly have renewal options in our leases in 5-year increments that are generally included in the calculated lease liabilities and associated right-of-use assets. All of the renewal options considered for future lease liabilities are associated with the MY SALON Suite and Salon Plaza brands, which can have significant construction costs due to their highly compartmentalized footprint with generally semi-permanent fixtures that are not easily moved into a new space. Due to these factors, it is almost always more economically feasible to stay in the leased space and make cosmetic updates versus moving to a new space.

As an accounting policy election, any short-term leases with an initial term of 12 months or less are not recognized as lease liabilities and right-of-use assets in the consolidated balance sheets. The rent expense associated with short term leases is generally recognized on a straight-line basis over the lease term. The company is also electing the practical expedient to not separate lease components from non-lease components for all of its equipment leases and therefore the non-lease components are factored into the calculation of lease liabilities and associated right-of-use assets. The company is choosing to separate lease and non-lease components for all its building leases, and the associated non-lease components, such as Common Area Maintenance and Real Estate Taxes, are expensed as incurred.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Due to the implicit rate not being readily available or determined in most leases, the company has elected the practical expedient for all lease payments to be discounted at a risk-free rate based on the treasury bond rates with maturity dates that most closely match the remainder of the lease either at adoption or commencement if post-adoption.

Finance leases with a right-of-use asset value of \$36,360 and a current portion lease liability value of \$31,525 are included in the values reported on the Consolidated Balance Sheet as of December 31, 2022.

Supplemental balance sheet information related to leases as of December 31, 2022 is as follows:

Weighted Average Remaining Lease Term (Years)

Operating leases	13 years
Finance leases	1 year

Weighted Average Discount Rate

Operating leases	1.9%
Finance leases	0.8%

The components of lease costs are as follows:

Operating lease cost	\$ 4,422,097
Finance lease cost:	
Amortization of right-of-use assets	\$ 48,480
Interest on lease liabilities	496
Total finance lease costs	\$ 48,976

Operating lease costs are recorded in selling, general, and administrative costs and expenses on the Consolidated Statements of Income. For financing leases, the amortization of right-of-use assets are recorded in depreciation and amortization expense, and interest on lease liabilities are netted with Interest income on the Consolidated Statements of Income. Total operating lease cash payments of \$4,410,805 and \$2,582,996 were made in 2022 and 2021, respectively.

Maturities of lease liabilities by fiscal year as of December 31, 2022 are as follows:

Years ending December 31:	Operating Leases	Financing Leases
2023	\$ 3,719,792	\$ 31,647
2024	4,320,931	-
2025	4,148,916	-
2026	4,162,576	-
2027	4,013,157	-
Thereafter	30,589,799	-
Total remaining lease payments at December 31, 2022	\$ 50,955,171	\$ 31,647
Less: portion representing imputed interest	(6,731,752)	(122)
Present value of lease liabilities at December 31, 2022	\$ 44,223,419	\$ 31,525

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

As previously disclosed in the Company's 2021 Audited Financial Statements and under the previous lease accounting, the minimum lease payments required under operating leases were as follows as of December 31, 2021:

Years ending December 31:		
2022	\$	4,268,294
2023		3,786,475
2024		3,533,483
2025		3,050,370
2026		2,744,689
Thereafter		7,689,334
Total future minimum payments	\$	25,072,645

The Company evaluated its leasing transactions during adoption of ASC 842 and concluded that option periods associated with its operating leases in the MY SALON Suite and Salon Plaza brands were reasonably certain to be exercised due to several factors previously mentioned. Prior to adoption, the Company did not include option periods when disclosing future lease obligations, which explains the large difference between future obligations reported as of December 31, 2021 compared to December 31, 2022.

6. Other Intangibles and Goodwill

Other Intangibles

Other intangibles consist of the following at December 31, 2022:

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 2,100,000	\$ (1,860,614)	\$ 239,386
Trade name (<i>indefinite-lived</i>)	71,400,000	-	71,400,000
Trade name	13,640,000	(2,177,114)	11,462,886
Internally developed software	490,000	(247,723)	242,277
Market franchise agreements	810,762	(314,140)	496,622
Total	\$ 88,440,762	\$ (4,599,591)	\$ 83,841,171

Due to the adoption of ASC 842, favorable and unfavorable lease intangible assets and liabilities have been derecognized and are part of the ROU asset balances effective January 1, 2022.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Other intangibles consist of the following at December 31, 2021:

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 2,100,000	\$ (1,501,090)	\$ 598,910
Trade name (<i>indefinite-lived</i>)	71,400,000	-	71,400,000
Trade name	13,660,000	(813,806)	12,846,194
Internally developed software	490,000	(84,389)	405,611
Favorable lease	2,489,584	(500,286)	1,989,298
Unfavorable lease	(569,926)	54,326	(515,600)
Market franchise agreements	810,762	(115,721)	695,041
Total	\$ 90,380,420	\$ (2,960,966)	\$ 87,419,454

Amortization expense was \$2,086,290 and \$2,082,119 for the years ended December 31, 2022 and 2021, respectively.

Estimated amortization expense for finite-lived intangibles for the subsequent five years and thereafter is as follows:

Years ending December 31,

2023	\$ 1,930,035
2024	1,677,149
2025	1,464,126
2026	1,364,342
2027	1,364,342
Thereafter	4,641,178
Total	\$ 12,441,172

Goodwill

The changes in the carrying amount of goodwill as of December 31, 2022 and 2021 are as follows:

	2022	2021
Balance at beginning of year	\$ 296,824,386	\$ 228,741,548
Effect of Reorganization Transaction	-	67,975,068
Goodwill recorded from acquisitions	72,861	107,770
Balance at end of year	\$ 296,897,247	\$ 296,824,386

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

7. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2022	2021
Employee benefits and compensation	\$ 2,032,793	\$ 2,235,730
Accrued payables to franchisees	1,892,352	1,824,637
Event related accruals	1,271,359	756,166
Customer deposits	965,028	724,859
Other	1,618,360	754,637
Total accrued liabilities	\$ 7,779,892	\$ 6,296,029

8. Commitments and Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, *Contingencies*. Accordingly, no liabilities have been accrued for these matters at December 31, 2022 and 2021. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

9. Income Taxes

The expense (benefit) for income taxes consists of the following for the years ended December 31:

	2022	2021
Current		
Federal	\$ 4,819,044	\$ 4,430,952
State	410,927	1,410,044
Foreign	221,329	208,334
Total current	5,451,300	6,049,330
Deferred:		
Federal	(425,487)	(113,373)
State	(100,699)	(26,840)
Total deferred	(526,186)	(140,213)
Income tax expense	\$ 4,925,114	\$ 5,909,117

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

The tax effect of temporary differences that gave rise to deferred tax assets and liabilities consist of the following as of December 31:

	2022	2021
Deferred tax assets		
Allowance for doubtful accounts	\$ 195,298	\$ 138,603
Accrued compensation	374,196	399,321
Share-based compensation	653,599	453,702
Accrued professional fees	39,850	43,502
Deferred rent	-	16,768
Deferred revenue	697,767	345,537
ASC 842 lease liability	432,842	-
ASC 606 adjustments	237,417	259,466
Total deferred tax assets	2,630,969	1,656,899
Deferred tax liabilities:		
Sign Me Up Goodwill	-	7,814
Intangible assets	(18,646,677)	(18,789,516)
Prepaid expenses	(14,125)	(8,394)
ASC 842 Right of Use Asset	(438,823)	-
Depreciation	(569,303)	(430,950)
Total deferred tax liabilities	(19,668,928)	(19,221,046)
Net deferred tax assets	\$ (17,037,959)	\$ (17,564,147)

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before taxes primarily due to state tax obligations, permanently non-deductible expenses, provision for uncertain tax positions and true ups to prior period estimates. The Company files income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. As of December 31, 2022, and 2021, the Company has accrued approximately \$1,058,000, and \$895,000, respectively, to reserve for uncertain tax positions. As of December 31, 2022, and 2021, the reserve for uncertain tax positions is inclusive of penalties and interest of approximately \$496,000 and \$415,000, respectively.

10. Receivable From Parent Company

The receivable from the parent company is unsecured, bears no interest and is due on demand. The receivable is presented as a component of additional paid in capital on the Consolidated Statement of Members Equity. The increase in net receivable from parent company as of December 31, 2022 and 2021 was \$11,618,027, and \$19,984,602, respectively.

11. Share-Based Compensation

In 2019, the Company created share-based payment plan ("2019 Stock Option Plan") established August 1, 2019, for the benefit of employees of the Company. The Company originally allotted a total of 23,281 shares to be issued under the 2019 Stock Option Plan and increased the allotment by 2,741 shares in 2021. Option grants have a contractual life of ten years, subject to certain conditions, and typically vest over 5 years with half based upon service and half based upon financial thresholds. 20% of the service-based options typically vest each year over a five-year period, and the financial performance-based options are subject to vesting upon a change of control.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Information with respect to options under these plans is as follows:

	Outstanding Options		Weighted Average Exercise Price
Total options outstanding, December 31, 2020	20,811	\$	1,000.00
Options vested and exercisable, December 31, 2020	1,930		1,000.00
Issued	-		-
Exercised	-		-
Forfeited	232		1,000.00
Total options outstanding, December 31, 2021	20,579	\$	1,000.00
Options vested and exercisable, December 31, 2021	3,913		1,000.00
Issued	4,147		1,000.00
Exercised	-		-
Forfeited	2,114		-
Total options outstanding, December 31, 2022	22,612	\$	1,169.50
Options vested and exercisable, December 31, 2022	6,305		1,000.00

The weighted-average exercise price and average remaining contractual life of the 22,612 options outstanding at December 31, 2022 was \$1,169.50 and 7.1 years. The weighted-average exercise price and average remaining contractual life of the 20,579 options outstanding at December 31, 2021 was \$1,000.00 and 7.6 years. As of December 31, 2022, 6,305 options were vested and at December 31, 2021, 3,913 options were vested.

The estimated fair value of options is amortized to compensation expense on the straight-line basis over the options' vesting period. The compensation cost for share-based employee compensation was \$955,911 and \$737,560 for the years ended December 31, 2022 and 2021, respectively.

Expected amortization for the subsequent years ending December 31 is as follows:

Years ending December 31,		
2023	\$	1,000,169
2024		747,372
2025		350,632
2026		340,077
2027		112,852
Total amortization	\$	2,551,102

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

12. Employee Benefit Plan

FII has a defined contribution plan structured under Section 401(k) of the Internal Revenue Code. Under the plan, contributions are made by eligible employees. The employees can elect to contribute up to 20% of their salary or \$20,500 in 2022 and \$19,500 in 2021. FII matches 25% of the first 6% of contributions in the amount of \$208,357 in 2022 and \$145,027 in 2021. The Company match is discretionary and was temporarily discontinued between April 3, 2020 and March 1, 2021.

The Company currently offers no other postretirement or postemployment benefits to its employees.

13. Subsequent Events

The Company evaluated subsequent events through April 28, 2022, the date the consolidated financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.



Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Financial Statements

As of December 31, 2021, 2020 and 2019 (Successor) and
for the years ended December 31, 2021 and 2020
(Successor), the period from March 13, 2019 to December
31, 2019 (Successor) and the period from January 1, 2019
to March 12, 2019 (Predecessor)

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Financial Statements

As of December 31, 2021, 2020 and 2019 (Successor) and for the years ended December 31, 2021 and 2020 (Successor), the period from March 13, 2019 to December 31, 2019 (Successor) and the period from January 1, 2019 to March 12, 2019 (Predecessor)

Propelled Brands Franchising, LLC and Subsidiaries

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Independent Auditor's Report

Board of Directors
Propelled Brands Franchising, LLC and Subsidiaries
Carrollton, Texas

Opinion

We have audited the consolidated financial statements of Propelled Brands Franchising, LLC (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021, 2020 and 2019 (Successor), and the related consolidated statements of operations, changes in member's equity, and cash flows for the years ended December 31, 2021 and 2020 (Successor), the period from March 13, 2019 to December 31, 2019 (Successor) and the period from January 1, 2019 to March 12, 2019 (Predecessor), 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, 2021, 2020 and 2019 (Successor), and the results of its operations and its cash flows for the years ended December 31, 2021 and 2020 (Successor), the period from March 13, 2019 to December 31, 2019 (Successor) and the period from January 1, 2019 to March 12, 2019 (Predecessor) in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Company accounted for the Reorganization Transaction on December 28, 2021, as a transaction among entities under common control and all prior financial information has been recast to reflect the Reorganization Transaction as of the earliest period presented under common control, March 13, 2019. Prior to March 13, 2019, the consolidated financial statements reflect the historical financial information of FASTSIGNS International, Inc. and, therefore, is not comparable. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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.

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.

BDO USA LLP

Dallas, Texas
May 1, 2022

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Balance Sheets

<i>As of December 31,</i>	2021	2020	2019
	(Successor)	(Successor)	(Successor)
Assets			
Current assets			
Cash and cash equivalents	\$ 5,842,325	\$ 7,226,753	\$ 6,756,983
Accounts receivable - net	3,934,585	3,821,732	3,105,568
Current portion of notes receivable - net	132,084	144,861	147,806
Amounts due from affiliates	844,519	1,153,238	331,417
Prepaid expenses	2,658,939	2,146,609	1,723,543
Other current assets	825,033	212,853	432,368
Total current assets	14,237,485	14,706,046	12,497,685
Fixed assets - net	8,871,348	1,329,274	985,398
Other intangible assets - net	87,935,054	73,761,153	72,356,944
Goodwill	296,824,386	228,741,548	226,795,558
Notes receivable, less current portion - net	75,765	103,582	155,175
Other assets	2,600,564	2,156,135	2,443,039
Total Assets	\$ 410,544,602	\$ 320,797,738	\$ 315,233,799

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Balance Sheets (continued)

<i>As of December 31,</i>	2021	2020	2019
	(Successor)	(Successor)	(Successor)
Liabilities and Member's Equity			
Current liabilities			
Accounts payable	\$ 1,231,129	\$ 1,067,317	\$ 1,165,277
Accrued liabilities	6,296,029	2,944,417	3,184,120
Deferred revenue	3,511,196	890,944	526,154
Income tax payable	2,658,989	2,740,179	2,148,349
Total current liabilities	13,697,343	7,642,857	7,023,900
Deferred revenue - less current portion	11,448,858	4,355,537	4,074,532
Unfavorable leases - net	515,600	-	-
Other long-term liabilities	1,520,269	-	-
Deferred tax liabilities	17,564,146	17,633,048	17,852,867
Total liabilities	44,746,216	29,631,442	28,951,299
Commitments and Contingencies (Note 7)			
Member's equity			
Common stock, \$1.00 par value; authorized shares - 100,000; issued and outstanding shares - 1,000	1,000	1,000	1,000
Additional paid-in capital	326,062,998	264,142,939	272,756,285
Retained earnings	39,734,388	27,022,357	13,525,215
Total member's equity	365,798,386	291,166,296	286,282,500
Total Liabilities and Member's Equity	\$ 410,544,602	\$ 320,797,738	\$ 315,233,799

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Operations

	Year ended December 31, 2021 (Successor)	Year ended December 31, 2020 (Successor)	March 13, 2019 through December 31, 2019 (Successor)	January 1, 2019 through March 12, 2019 (Predecessor)
Revenues				
Franchise sales	\$ 2,242,187	\$ 1,198,958	\$ 1,109,073	\$ 149,966
Royalties	36,660,610	29,425,842	24,817,589	5,128,003
Rental income	5,669,980	-	-	-
Other revenue	6,940,342	2,482,925	1,653,293	126,230
Total revenues	51,513,119	33,107,725	27,579,955	5,404,199
Costs and expenses				
Cost of goods sold	4,376,987	1,215,329	899,171	59,853
Selling, general, and administrative	25,296,487	14,049,613	11,033,285	12,565,688
Depreciation and amortization	3,215,353	900,962	588,035	48,261
Total costs and expenses	32,888,827	16,165,904	12,520,491	12,673,802
Operating income (loss)	18,624,292	16,941,821	15,059,464	(7,269,603)
Other income (expenses)				
Interest income (expense)	(279)	(890)	(16,026)	21,126
Foreign currency exchange	(10,027)	15,410	(22,194)	5,381
Gain on disposal of fixed assets	-	100	4,000	-
Other income	7,162	3,555	-	-
Total other income (expense), net	(3,144)	18,175	(34,220)	26,507
Income (loss) before taxes	18,621,148	16,959,996	15,025,244	(7,243,096)
Income tax expense	5,909,117	3,462,854	1,500,029	508,330
Net income (loss)	\$ 12,712,031	\$ 13,497,142	\$ 13,525,215	\$ (7,751,426)

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Changes in Member's Equity

	Common stock				Additional			Retained	Due (from)	Total
	Shares	Amount			Paid-in			Earnings	to Parent	
					Capital				Company	
Balance - December 31, 2018 (Predecessor)	1,000	\$ 1,000	\$		25,600,264	\$		68,104,521	\$ (74,763,496)	\$ 18,942,289
Parent Company advances - net	-	-			-			-	(8,625,921)	(8,625,921)
Share-based compensation	-	-			9,999,388			-	-	9,999,388
Net loss	-	-			-			(7,751,426)	-	(7,751,426)
Balance - March 12, 2019 (Predecessor)	1,000	\$ 1,000	\$		35,599,652	\$		60,353,095	\$ (83,389,417)	\$ 12,564,330
Balance - March 13, 2019, Effect of Reorganization Transaction (Successor)	1,000	\$ 1,000	\$		285,999,904	\$		-	-	\$ 286,000,904
Parent Company advances - net	-	-			(13,540,650)			-	-	(13,540,650)
Share-based compensation	-	-			297,031			-	-	297,031
Net income	-	-			-			13,525,215	-	13,525,215
Balance - December 31, 2019 (Successor)	1,000	1,000			272,756,285			13,525,215	-	286,282,500
Effect of Reorganization Transaction	-	-			3,350,711			-	-	3,350,711
Parent Company advances - net	-	-			(12,690,789)			-	-	(12,690,789)
Share-based compensation	-	-			726,732			-	-	726,732
Net income	-	-			-			13,497,142	-	13,497,142
Balance - December 31, 2020 (Successor)	1,000	1,000			264,142,939			27,022,357	-	291,166,296
Effect of Reorganization Transaction	-	-			81,167,101			-	-	81,167,101
Parent Company advances - net	-	-			(19,984,602)			-	-	(19,984,602)
Share-based compensation	-	-			737,560			-	-	737,560
Net income	-	-			-			12,712,031	-	12,712,031
Balance - December 31, 2021 (Successor)	1,000	\$ 1,000	\$		326,062,998	\$		39,734,388	\$ -	\$ 365,798,386

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Cash Flows

	Year ended December 31, 2021 (Successor)	Year ended December 31, 2020 (Successor)	March 13, 2019 through December 31, 2019 (Successor)	January 1, 2019 through March 12, 2019 (Predecessor)
Operating activities				
Net income (loss)	\$ 12,712,031	\$ 13,497,142	\$ 13,525,215	\$ (7,751,426)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Bad debt expense	89,627	366,531	17,147	262,659
Depreciation & amortization	3,215,353	900,962	588,035	48,261
Share-based compensation expense	737,560	726,732	297,031	9,999,388
Gain on disposal of fixed assets	-	(100)	(4,000)	-
Deferred income taxes	(68,902)	(219,820)	-	(4,168,048)
Changes in operating assets and liabilities, net of businesses acquired:				
Accounts and notes receivable, trade	(161,887)	(1,028,157)	877,454	(1,087,978)
Amount due to affiliate	308,720	(821,821)	104,090	(92,687)
Prepaid expenses	(512,331)	(423,066)	(1,273,520)	373,312
Other assets	(1,056,611)	506,425	(148,508)	-
Income taxes payable	(81,189)	591,829	(578,813)	(1,207,501)
Accounts payable	129,978	(97,959)	434,708	(6,287)
Accrued liabilities	3,351,612	(239,703)	1,840,823	5,682,942
Intangible liabilities - unfavorable leases	569,926	-	-	-
Other long-term liabilities	1,520,269	-	-	-
Deferred revenue	713,572	645,795	392,183	211,118
Net cash provided by operating activities	21,467,728	14,404,790	16,071,845	2,263,753
Investing activities				
Capital expenditures	(1,734,538)	(708,948)	(393,824)	(54,041)
Acquisition of a business	(1,745,946)	-	-	-
Net cash used in investing activities	(3,480,484)	(708,948)	(393,824)	(54,041)
Financing activities				
Net advances (to) from Parent	(19,371,672)	(13,226,072)	(9,453,678)	(3,218,671)
Cash and cash equivalents (decrease) increase, net	(1,384,428)	469,770	6,224,343	(1,008,959)
Cash and cash equivalents, beginning of period	7,226,753	6,756,983	532,640	1,541,599
Cash and cash equivalents, end of period	\$ 5,842,325	\$ 7,226,753	\$ 6,756,983	532,640
Supplemental disclosure:				
Cash paid for income taxes	\$ 3,223,390	\$ 3,419,499	\$ 605,402	-
Supplemental noncash disclosures:				
Effect of the Reorganization Transaction	81,167,101	3,350,711	286,000,904	-
Parent Company advances - net	(612,930)	535,282	(4,086,972)	(5,407,250)

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

Propelled Brands Franchising, LLC (the “Company”), a Delaware limited liability company, was formed on December 28, 2021 to effectuate a legal reorganization involving the following entities: FASTSIGNS International, Inc. (“FII”), Suite Management Franchising, LLC (“SMF”), SMF Corporate Stores, LLC (“SMC”), GTN Capital Group, LLC (“GTN”), and More Than IT LLC (doing business as NerdsToGo “NTG”).

FII sells franchises for the operation of B2B business establishments known as FASTSIGNS Centers. FII franchises directly in the United States, Canada, the United Kingdom and Grand Cayman. The franchises operate primarily in the United States. In addition, FII sells and supports master or area franchises in Australia, Chile, France, Malta and Spain. The FASTSIGNS franchise business specializes in selling, marketing, producing and installing visual communications including signs (both non-electrical and electrical), graphics, banners, flags, vehicle graphics, vehicle wraps, wayfinding signage, compliance signs, dimensional letters, dimensional signage, ready-to-apply lettering, exhibits and displays, decals and labels, exhibits, trade show and other displays, digital imaging, printing (including small format, large format and grand format), advertising and promotional products (including wearables), electronic or digital signage, logo/artwork design and illustration, product wraps and other related graphics, marketing services and complementary products and services. As of December 31, 2021, 2020, and 2019 there were 761, 749, and 726, respectively, franchised locations in operation, both nationally and internationally.

SMF operates a franchising business that provides others with the opportunity to operate a salon suite business, serving as a property owner and business consultant to health and beauty professionals, renting private individualized space to the professionals. SMC operates company-owned salon suite properties. As of December 31, 2021, there were 192 franchised locations and 31 corporate locations in operation.

GTN operates a franchising business that provides others with the opportunity to operate a technology sales, repair and service business under the service mark “NerdsToGo” and provide a wide variety of Information Technology solutions for small to medium sized businesses and homes through mobile service vans and service centers. NTG operates a single company center in Guilford, CT. As of December 31, 2021, there were 30 franchised locations and 1 corporate location in operation. As of December 31, 2020 there were 24 franchised locations and 1 corporate location in operation.

On March 13, 2019, Fastsigns Holdings Inc. (“Holdings” or “Parent Company”) acquired all of the outstanding shares of Display Holding Company Inc., which indirectly wholly owns all of the outstanding stock of FII. On September 9, 2020, Saldon Holdings, Inc. (“Saldon”), an indirect wholly owned subsidiary of Holdings and immediate parent of the Company, acquired all of the outstanding shares of NTG and on June 25, 2021, Suite Management Holdings, LLC (“Suite Management”), a direct wholly owned subsidiary of Saldon, acquired all of the outstanding shares of SMF. On December 28, 2021, the Company issued shares to Saldon in exchange for Saldon’s direct and indirect ownership interests in FII, NTG and SMF (the “Reorganization Transaction”). This Reorganization Transaction was accounted for as a transfer among entities under common control, and the Company recognized the assets and liabilities received at their historical carrying amounts as reflected in the accounts of Holdings, Saldon or Suite Management, as applicable. All prior financial information has been recast to reflect the Reorganization Transaction as of the earliest period presented under common control, March 13, 2019, and labeled “Successor”. Prior to March 13, 2019, the consolidated financial statements reflect the historical financial information of FII and are labeled “Predecessor”. The consolidated financial statements and footnotes include a black-

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

line division, which appears between the columns titled Predecessor and Successor, and signifies that the amounts shown for the periods prior to and following March 13, 2019 are not comparable.

Acquisition of Dream Team Suites

On December 30, 2021, the Company executed an asset purchase agreement for two corporate salon suite locations owned by Dream Team Suites, LLC, a third party. The cash consideration paid of \$1,745,946 was allocated to the assets acquired and liabilities assumed by the Company based on management estimates of their fair value in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805, Business Combinations, on the date of acquisition.

The total purchase price was allocated as follows:

Property and equipment	\$	1,672,010
Member security deposits		(33,834)
Goodwill		107,770
Total consideration	\$	1,745,946

The Company expects to deduct the resulting goodwill for tax purposes.

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company maintains cash in financial institutions, which at times may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on such accounts. At December 31, 2021, 2020 and 2019 (Successor), cash and cash equivalents includes \$504,489, \$804,050 and \$126,960, respectively, held in foreign bank accounts.

Financial Instruments

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of accounts and notes receivable related to royalties owed by franchisees. Credit risks with respect to royalty receivables are limited due to the large number of franchisees comprising the Company’s franchisee base. The Company performs ongoing evaluations of the franchisees’ financial condition and maintains allowances for potential credit losses which, when incurred, have been within the range of management expectations.

Accounts Receivable

Accounts receivable consist primarily of royalty billings to franchisees and are due within 30 days. Accounts receivable are stated at amounts net of an allowance for doubtful accounts. In order to estimate and assess the collectability of accounts receivable, the Company monitors the current creditworthiness of each franchisee and analyzes the aging of related past due balances. The allowance requirements are based on current facts, and the estimates are reevaluated and adjusted as additional information is obtained. Accounts receivable are written off through the allowance

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Notes to Consolidated Financial Statements

account when it is determined the receivable will not be collected. Accounts receivable may also be converted to notes receivable due from franchisees at the discretion of the Company.

Changes in the Company's allowance for doubtful accounts are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020	March 13, 2019 through December 31, 2019	January 1, 2019 through March 12, 2019
	(Successor)	(Successor)	(Successor)	(Predecessor)
Beginning balance	\$ 786,928	\$ 453,461	\$ 532,728	\$ 270,087
Bad debt expense, net of recoveries	89,627	366,531	17,147	262,659
Write-offs	(97,864)	(33,064)	(96,414)	(18)
Ending balance	\$ 778,691	\$ 786,928	\$ 453,461	\$ 532,728

Notes Receivable

FII has notes receivable that are due from franchisees and bear interest at rates per annum ranging from 6% to 10%. The notes are generally secured by the assets of the related FASTSIGNS stores. The allowance included above for notes receivable was \$79,233, \$73,347 and \$10,214 as of December 31, 2021, 2020 and 2019 (Successor), respectively.

FII has a Master Franchising Agreement with Ideal Signs Pty Ltd ("Ideal Signs"). Ideal Signs serves as the Master Franchisor in Australia and incurs all expenses and liabilities associated with franchises located in Australia. Ideal Signs pays the Company a 2% royalty percentage in accordance with the Master Franchising Agreement and has a note receivable with FII with a balance of \$137,126 as of December 31, 2021, and \$175,100 as of December 31, 2020 and 2019 (Successor), respectively. The allowance included above for the Master Franchisor note receivable was \$79,233, \$70,040, and \$0 as of December 31, 2021, 2020, and 2019 (Successor), respectively.

Fixed Assets

Fixed assets associated with an acquisition are recorded at fair value at the date of acquisition and subsequent purchases are recorded at cost. Depreciation is determined using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Furniture, equipment and internally developed software have an estimated useful life of three to five years, and leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the assets. Maintenance and repairs are charged to expense as incurred.

The Company reviews the carrying value of fixed assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as other economic factors. No impairment was recognized for the year ended December 31, 2021, the year ended December 31, 2020, the period from March 13, 2019 through December 31, 2019 (Successor) or the period from January 1, 2019 through March 12, 2019 (Predecessor).

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Goodwill and Other Intangible Assets

Goodwill represents the excess of consideration transferred over the fair value of the tangible and intangible net assets acquired. Intangible assets are recorded at their fair value at the date of acquisition.

Under FASB ASC 350, Intangibles, Goodwill and Other (“ASC 350”), the Company does not amortize goodwill and determines if intangibles have a finite future life and should be amortized or have an indefinite life not subject to amortization. Finite-lived intangibles are evaluated for impairment when current facts or circumstances indicate that the carrying value of the assets may not be recoverable and/or if there is a change in the useful life. Amortization is recorded using the straight-line method over the following estimated useful lives:

Trade names	10 years to indefinite
Program materials	3 years
Internally developed software	3 years
Favorable lease adjustments	1-12 years
Unfavorable lease adjustments	3-9 years
Franchise agreements	1-20 years

In accordance with ASC 350, the Company assesses goodwill and indefinite-lived intangibles for impairment whenever events or changes in circumstances indicate that the fair value of the entity may be below its carrying amount. The Company first considers qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. When necessary, a goodwill impairment loss is measured as the amount by which the carrying amount of the reporting unit, including goodwill, exceeds its fair value. Any goodwill impairment loss determined shall not exceed the carrying amount of goodwill. The Company determined that there were no indications of impairment for the year ended December 31, 2021, the year ended December 31, 2020, the period from March 13, 2019 through December 31, 2019 (Successor) or the period from January 1, 2019 through March 12, 2019 (Predecessor).

The Company reviews the carrying value of definite-lived intangibles for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. No impairment was recognized for the year ended December 31, 2021, the year ended December 31, 2020, the period from March 13, 2019 through December 31, 2019 (Successor) or the period from January 1, 2019 through March 12, 2019 (Predecessor).

Income Taxes

The Company is a single member limited liability company that is disregarded for federal tax reporting purposes. The Company is included in a consolidated Federal tax return with Holdings. FII is a regarded corporate taxpayer. SMF, SMC, GTN, and NTG are all single member limited liability companies that are disregarded for federal tax reporting. The consolidated financial statements for the Company have been prepared as if the Company was a stand-alone taxpayer for the regarded corporate entity (FII) only.

Deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

The Company accounts for uncertain tax provisions using a two-step process. The Company first determines whether it is more-likely-than-not that a tax position will be sustained upon examination. If a tax position meets the more-likely-than-not threshold it is then measured to determine the amount of expense to record in the consolidated financial statements. The tax position is measured as the largest amount of expense with a greater than 50 percent likelihood of being realized upon ultimate settlement. Penalties and interest incurred are recognized in income tax expense.

Revenue Recognition

The Company's revenues consist of franchise sales including initial franchise and sub-franchise fees, franchise re-sale transfer fees, and renewal franchise fees; royalties based on a percent of franchisee sales; salon suite rental income; and other revenue including general contracting construction sales, and sales of equipment, services, supplies and inventory. Some franchises are master franchise arrangements with development rights across a defined territory or multiple territories. Typical agreements governing the franchise relationship range from 10 to 20 years in length, whereby the initial franchise and transfer fees are typically collected upon agreement execution and prior to the start of the Company's performance obligations.

The Company recognizes revenue in accordance with FASB ASC Topic 606 (which addresses revenue from contracts with customers) and Topic 840 (which addresses lease revenue).

The Company adopted Topic 606 and all subsequent ASUs that modified Topic 606 on January 1, 2019. The new guidance clarifies the principles used to recognize revenue for all entities and requires companies to recognize revenue when it transfers goods or services to a customer in an amount that reflects the consideration to which a company expects to be entitled.

The Company has defined its distinct and non-distinct performance obligations required under the terms of the various contracts. For its franchise agreements, the Company believes that portions of certain Pre-Opening Services, the initial training, site selection and development services, benefit the franchisee without its use of the license and are therefore considered distinct performance obligations separable from the franchise right. Performance obligations for initial training, site selection and development services are generally satisfied as of the opening date for a franchise center. To allocate the initial franchise and transfer fees to the associated performance obligations, the Company used an expected cost plus a margin approach to determine the amount of the initial franchise or transfer fee identified with the distinct portion of the initial training, site selection and development services. This total distinct amount is recognized upfront, and the remaining non-distinct portion of the total franchise fee is allocated to symbolic intellectual property and recognized over the agreement term starting from the opening date of the franchise center. Due to the immaterial nature of renewal franchise fees, they are recognized upon agreement execution. Certain franchise agreements may also include a financing component, but the Company has determined that the total interest amount related to these franchise agreements is immaterial to its consolidated financial statements. Other revenues from equipment package sales, supplies, services and inventory are recognized based on the gross sales price upon delivery.

Royalties are generally based on a percent of franchisee sales differing by brand ranging from 2% to 8% and are recognized at the time the underlying franchisee's sales occur.

To secure new franchises, the Company uses its sales force, and in certain instances, third-party brokers to obtain leads for new franchise arrangements. The costs for internal sales commissions

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and third-party broker fees are amortized over the agreement term of each respective contract starting from the opening date of the franchise center.

General contracting construction revenue for contracts that satisfy the criteria for over time recognition is recognized as the work progresses. The Company measures transfer of control of the performance obligation utilizing the cost-to-cost measure of progress, with cost of revenue including direct costs, such as material, labor, and subcontract costs, and indirect costs that are attributable to contract activity. Under the cost-to-cost approach, the use of estimated costs to complete each performance obligation is a significant variable in the process of determining recognized revenue and is a significant factor in the accounting for such performance obligations. Significant estimates that affect the cost to complete each performance obligation are materials, components, equipment, labor and subcontracts; labor productivity; and schedule durations, including subcontractor or supplier progress. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known. Due to the various estimates inherent in contract accounting, actual results could differ from the original estimates.

Under Topic 840, *Leases*, the Company accounts for salon suite rental contracts as operating leases. The Company recognizes revenue from rentals in the period earned. The Company's rental contract is for the right to use a salon suite for a stated period of time, typically a non-cancellable term of one year.

Balance sheet amounts related to ASC 606 consist of the following at December 31:

	2021	2020	2019
	(Successor)	(Successor)	(Successor)
Deferred Revenue:			
Current deferred revenue	\$ 3,511,196	\$ 890,944	\$ 526,154
Non-current deferred revenue	11,448,858	4,355,537	4,074,532
Total deferred revenue	\$ 14,960,054	\$ 5,246,481	\$ 4,600,686
Prepaid commissions & brokerage fees:			
Current prepaid commissions & brokerage fees (included in prepaid expenses)	\$ 882,884	\$ 712,868	\$ 231,626
Non-current prepaid commissions & brokerage fees (included in other assets)	2,105,312	1,873,066	2,284,114
Total prepaid commissions & brokerage fees	\$ 2,988,196	\$ 2,585,934	\$ 2,515,740

Equity-based Compensation

The Company accounts for equity-based compensation under FASB ASC Topic 718, *Compensation-Stock Compensation*. The Company recognizes all share-based payments to employees, including grants of employee stock options, as compensation expense based on their estimated fair values over the requisite service period, which is generally the vesting period of the awards. The Company

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currently estimates stock option forfeitures at the inception of the stock option agreement. The Company adjusts its estimates when the actual forfeitures are likely to change or differ from estimates. The Company estimates the fair value of each stock option award on the date of grant using the Black-Scholes option valuation model. The expected life of each award granted is determined using the average of the weighted-average vesting term and contractual term. Expected volatility is based on the historical volatility of similar entities whose share or option price is publicly available with a similar vesting and contractual term. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury issues with terms approximately equal to the expected life of the option. The Company has never paid any cash dividends and, accordingly, the Company uses an expected dividend yield of zero.

Advertising Costs

The Company expenses the costs of advertising when incurred. Advertising expense was \$932,561, \$576,996, \$164,503 and \$556,235 for the year ended December 31, 2021, the year ended December 31, 2020, the period from March 13, 2019 through December 31, 2019 (Successor) and the period from January 1, 2019 through March 12, 2019 (Predecessor), respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("US GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Contingencies

Various legal actions and claims, which have arisen in the normal course of business, may be pending against the Company from time to time. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

Fair Value of Financial Instruments

In accordance with FASB ASC 820 *Fair Value Measurements*, certain assets and liabilities are carried at fair value and are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The Company believes the carrying amounts of financial instruments as of December 31, 2021, 2020 and 2019 (Successor), including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to their short maturities. The Company's

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notes receivable bear interest at market rates, and management does not believe there has been a change in the franchisees' credit quality from the date of issuance. Thus, management believes the notes receivable carrying amounts approximate fair value.

Recent Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-04, "Intangibles - Goodwill and Other", which simplifies the test for goodwill impairment by removing the second step of the two-step impairment test. An entity will no longer determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Instead, an entity should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.. All other goodwill impairment guidance will remain largely unchanged. For nonpublic entities, the standard is effective for annual periods beginning after December 15, 2022 with early application permitted for tests performed after January 1, 2017. The Company adopted this standard on January 1, 2021 and the adoption had no impact on the Company's financial position or results of operations.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". The guidance in ASU 2016-02 (as subsequently amended by ASU 2018-01, ASU 2018-10, ASU 2018-11 and ASU 2018-20) requires that a lessee recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. As with previous guidance, there continues to be a differentiation between finance leases and operating leases, however this distinction now primarily relates to differences in the manner of expense recognition over time and in the classification of lease payments in the statement of cash flows. Lease assets and liabilities arising from both finance and operating leases will be recognized in the statement of financial position. ASU 2016-02 leaves the accounting for leases by lessors largely unchanged from previous GAAP. The transitional guidance for adopting the requirements of ASU 2016-02 calls for a modified retrospective approach that includes a number of optional practical expedients that entities may elect to apply. In addition, ASU 2018-11 provides for an additional (and optional) transition method by which entities may elect to initially apply the transition requirements in Topic 842 at that Topic's effective date with the effects of initially applying Topic 842 recognized as a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption and without retrospective application to any comparative prior periods presented. Also, ASU 2018-20 provides certain narrow-scope improvements to Topic 842 as it relates to lessors. The ASU is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

In December 2019, the FASB released ASU 2019-12, "Income Tax (Topic 740): Simplifying the Accounting for Income Taxes", which affects general principles within Topic 740, Income Taxes. The amendments of ASU 2019-12 are meant to simplify and reduce the cost of accounting for income taxes. The FASB has stated that the ASU is being issued as part of its Simplification Initiative, which is meant to reduce complexity in accounting standards by improving certain areas of GAAP without compromising information provided to users of consolidated financial statements. The standard is effective for annual periods beginning after December 15, 2021 with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

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In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2018-19"), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments ("ASU 2019-04"), which clarifies the treatment of certain credit losses. In May 2019, the FASB issued ASU No. 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief ("ASU 2019-05"), which provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the FASB issued ASU No. 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses ("ASU 2019-11"), which provides guidance around how to report expected recoveries. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 (collectively, "ASC 326") are effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

In October 2021, the FASB issues ASU No. 2021-08, Business Combinations - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805) which amends Topic 805 to require acquiring entities to apply Topic 606 to recognize and measure contract assets and liabilities in a business combination. ASU 2021-08 is effective for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years. Early adoption is permitted. The Company adopted the provisions of ASU 2021-08 on January 1, 2021.

3. Related Party Transactions

The Company performs certain bookkeeping and administrative services for and allocates facility and supply resources to an advertising cooperative. Amounts reimbursed at cost related to these services were \$944,363, \$938,196, \$749,707 and \$142,965 for the year ended December 31, 2021, the year ended December 31, 2020, the period from March 13, 2019 through December 31, 2019 (Successor) and the period from January 1, 2019 through March 12, 2019 (Predecessor), respectively. For 2021, 2020 and 2019, the Company earned royalty revenue of 6% of the advertising cooperative's sales to parties other than FASTSIGNS franchises. Royalty revenue earned from the cooperative under the National Accounts was \$644,458, \$527,847, \$468,350 and \$69,690 for the year ended December 31, 2021, the year ended December 31, 2020, the period from March 13, 2019 through December 31, 2019 (Successor) and the period from January 1, 2019 through March 12, 2019 (Predecessor), respectively. This advertising cooperative is for the sole benefit of the FASTSIGNS franchisees. Amounts receivable from the advertising cooperative and national accounts were \$844,519, \$1,153,238 and \$331,417 at December 31, 2021, 2020, and 2019 (Successor), respectively. See Note 9 - Receivable from Parent Company for additional related party disclosure.

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4. Fixed Assets

Fixed assets consist of the following at December 31:

	2021 (Successor)	2020 (Successor)	2019 (Successor)
Furniture, equipment and internally developed software	\$ 5,791,504	\$ 4,997,251	\$ 4,318,569
Leasehold improvements	7,523,823	1,321,694	1,291,328
Total fixed assets	13,315,327	6,318,945	5,609,897
Less: accumulated depreciation	(4,443,979)	(4,989,671)	(4,624,499)
Fixed assets, net	\$ 8,871,348	\$ 1,329,274	\$ 985,398

The furniture, equipment and developed software have an expected life of three to five years, and leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the assets. Depreciation expense was \$1,133,232 and \$365,172 for the years ended December 31, 2021 and 2020 (Successor), respectively, \$244,980 for the period from March 13, 2019 through December 31, 2019 (Successor), and \$48,261 for the period from January 1, 2019 through March 12, 2019 (Predecessor).

5. Goodwill and Other Intangible Assets

Other Intangible Assets

Other intangibles consist of the following at December 31, 2021 (Successor):

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 2,100,000	\$ (1,501,090)	\$ 598,910
Trade name (<i>indefinite-lived</i>)	71,400,000	-	71,400,000
Trade name	13,660,000	(813,806)	12,846,194
Internally developed software	490,000	(84,389)	405,611
Favorable lease	2,489,584	(500,286)	1,989,298
Unfavorable lease	(569,926)	54,326	(515,600)
Market franchise agreements	810,762	(115,721)	695,041
Total	\$ 90,380,420	\$ (2,960,966)	\$ 87,419,454

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Other intangibles consist of the following at December 31, 2020 (Successor):

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 1,880,000	\$ (836,537)	\$ 1,043,463
Trade name (<i>indefinite-lived</i>)	71,400,000	-	71,400,000
Trade name	1,360,000	(42,310)	1,317,690
Total	\$ 74,640,000	\$ (878,845)	\$ 73,761,153

Other intangibles consist of the following at December 31, 2019 (Successor):

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 1,300,000	\$ (343,056)	\$ 956,944
Trade name (<i>indefinite-lived</i>)	71,400,000	-	71,400,000
Total	\$ 72,700,000	\$ (343,056)	\$ 72,356,944

Amortization expense was \$2,082,119 and \$535,791 for the years ended December 31, 2021 and 2020, respectively, \$343,056 for the period from March 13, 2019 through December 31, 2019 (Successor), and \$0 for the period from January 1, 2019 through March 12, 2019 (Predecessor).

Estimated amortization expense for definite-lived intangibles for the subsequent five years and thereafter is as follows:

Years ending December 31,

2022	\$ 2,630,353
2023	2,630,353
2024	2,630,353
2025	2,630,353
2026	2,630,353
Thereafter	2,867,691
	\$ 16,019,454

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Goodwill

The changes in the carrying amounts of goodwill are as follows:

	For the year ended December 31, 2021 (Successor)	For the year ended December 31, 2020 (Successor)	Period from March 13, 2019 to December 31, 2019 (Successor)	Period from January 1, 2019 to March 12, 2019 (Predecessor)
Balance at beginning of period	\$ 228,741,548	\$ 226,795,558	\$ -	\$ 17,832,876
Effect of Reorganization Transaction	67,975,068	1,945,990	226,555,558	-
Goodwill recorded from acquisition	107,770	-	-	-
Other	-	-	240,000	-
Balance at end of period	\$ 296,824,386	\$ 228,741,548	\$ 226,795,558	\$ 17,832,876

6. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2021 (Successor)	2020 (Successor)	2019 (Successor)
Accrued payables to franchisees	\$ 1,824,637	\$ 1,365,287	\$ 1,058,382
Employee benefits and compensation	2,235,730	1,013,180	778,433
Event related accruals	756,166	146,791	984,868
Customer deposits	724,859	83,108	141,007
Other	754,637	336,051	221,430
Total accrued liabilities	\$ 6,296,029	\$ 2,944,417	\$ 3,184,120

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

7. Commitments and Contingencies

Operating Leases and Service Contracts:

The Company leases office space, training facilities and salon facilities under various non-cancelable operating lease agreements. Rent expense under these and other leases was \$3,020,973, \$339,098, \$256,818 and \$63,567 for the year ended December 31, 2021, the year ended December 31, 2020, the period from March 13, 2019 to December 31, 2019 (Successor), and the period from January 1, 2019 to March 12, 2019 (Predecessor), respectively.

The future minimum payments under these agreements are as follows:

<u>Years ending December 31:</u>		
2022	\$	4,268,294
2023		3,786,475
2024		3,533,483
2025		3,050,370
2026		2,744,689
Thereafter		7,689,334
Total future minimum payments	\$	25,072,645

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, *Contingencies*. Accordingly, no liabilities have been accrued for these matters at December 31, 2021, 2020 and 2019 (Successor). Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

8. Income Taxes

The expense (benefit) for income taxes consists of the following:

	For the year ended December 31, 2021 (Successor)	For the year ended December 31, 2020 (Successor)	Period from March 13, 2019 to December 31, 2019 (Successor)	Period from January 1, 2019 to March 12, 2019 (Predecessor)
Current				
Federal	\$ 4,430,952	\$ 3,489,308	\$ 1,154,148	\$ 680,773
State	1,410,044	(49,735)	376,266	(100,068)
Foreign	208,334	171,796	148,131	24,793
Total current	6,049,330	3,611,369	1,678,545	605,498
Deferred				
Federal	(113,373)	(120,086)	(144,344)	(78,568)
State	(26,840)	(28,429)	(34,172)	(18,600)
Total deferred	(140,213)	(148,515)	(178,516)	(97,168)
Income tax expense	\$ 5,909,117	\$ 3,462,854	\$ 1,500,029	\$ 508,330

The tax effect of temporary differences that gave rise to deferred tax assets and liabilities consist of the following at December 31:

	2021 (Successor)	2020 (Successor)	2019 (Successor)
Deferred tax assets			
Allowance for doubtful accounts	\$ 138,603	\$ 139,685	\$ 49,559
Accrued compensation	399,321	156,818	162,113
Share-based compensation	453,702	265,887	77,143
Accrued professional fees	43,502	-	-
Deferred rent	16,769	29,273	41,768
Deferred revenue	345,537	459,355	424,766
Charitable contributions	-	-	104
ASC 606 adjustments	259,466	281,531	339,376
Total deferred tax assets	1,656,900	1,332,549	1,094,829
Deferred tax liabilities:			
Goodwill tax amortization	7,814	(4,502)	(346)
Intangible assets	-	2,002	6,007
Prepaid expenses	(8,394)	-	(525)
Depreciation	(430,950)	(244,893)	(160,656)
Intangibles - book basis	(18,789,516)	(18,718,204)	(18,792,176)
Total deferred tax liabilities	(19,221,046)	(18,965,597)	(18,947,696)
Net deferred tax liabilities	\$ (17,564,146)	\$ (17,633,048)	\$ (17,852,867)

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before taxes primarily due to state tax obligations, permanently non-deductible expenses, provision for uncertain tax positions and true ups to prior period estimates. The Company files income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. As of December 31, 2021, 2020 and 2019 (Successor), the Company has accrued approximately \$895,000, \$773,000 and \$911,000, respectively, to reserve for uncertain tax positions. As of December 31, 2021, 2020, and 2019 (Successor) the reserve for uncertain tax positions is inclusive of penalties and interest of approximately \$415,000, \$350,000 and \$417,000, respectively.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law on March 27, 2020 to address the economic fallout to businesses and individuals of the 2020 coronavirus pandemic. The CARES Act allows taxpayers to carry back NOLs arising in tax years beginning after December 31, 2017, and before January 1, 2021, to the five tax years preceding the taxable year of such loss. The CARES Act temporarily removes the 80% limitation for NOLs arising in tax years beginning after December 31, 2017 and before January 1, 2021. The CARES Act also allows for corporations to claim refunds for all remaining alternative minimum tax credits in 2018 and 2019.

9. Receivable From Parent Company

The receivable from the Parent Company is unsecured, bears no interest and is due on demand. The receivable is included as a reduction of member's equity.

10. Share-Based Compensation

The former parent maintained a share-based payment plan ("Stock Option Plan") established October 14, 2014, for the benefit of employees of the Company. The former parent allotted a total of 8,376 shares to be issued under the Stock Option Plan. Option grants had a contractual life of ten years, subject to certain conditions, and typically vested over five years based upon service and financial-based thresholds. 20% of the service-based options typically vest each year over a five-year period, and of the financial performance-based options, 20% were subject to vesting each year.

In 2019, the Stock Option Plan was terminated when Holdings acquired Display Holding Company Inc. Upon the change of control, all issued and outstanding options vested resulting in \$9,999,388 of expense being recognized in the accompanying consolidated statement of operations during the period from January 1, 2019 to March 12, 2019 (Predecessor). Holdings created a replacement share-based payment plan ("2019 Stock Option Plan") established August 1, 2019, for the benefit of employees of the Company. The Company originally allotted a total of 23,281 shares to be issued under the 2019 Stock Option Plan and increased the allotment by 2,741 shares in 2021. Option grants have a contractual life of ten years, subject to certain conditions, and typically vest over five years with half based upon service and half based upon financial thresholds. 20% of the service-based options typically vest each year over a five-year period, and the financial performance-based options are subject to vesting upon a change of control.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Information with respect to options under these plans is as follows:

	Outstanding Options		Weighted Average Exercise Price
Total options outstanding, January 1, 2019 (Predecessor)	7,732	\$	613.10
Issued	-		-
Exercised	7,732		-
Forfeited	-		613.10
Total options outstanding, March 12, 2019 (Predecessor)	-		-
Total options outstanding, March 13, 2019 (Successor)	-		-
Issued	20,273		1,000.00
Exercised	-		-
Forfeited	-		-
Total options outstanding, December 31, 2019 (Successor)	20,273	\$	1,000.00
Issued	538		1,000.00
Exercised	-		-
Forfeited	-		-
Total options outstanding, December 31, 2020 (Successor)	20,811	\$	1,000.00
Options vested and exercisable, December 31, 2020 (Successor)	1,930		1,000.00
Issued	-		-
Exercised	-		-
Forfeited	232		1,000.00
Total options outstanding, December 31, 2021	20,579	\$	1,000.00
Options vested and exercisable, December 31, 2021	3,913	\$	1,000.00

The weighted-average exercise price and average remaining contractual life of the 20,579 options outstanding at December 31, 2021 (Successor) was \$1,000.00 and 7.6 years. The weighted-average exercise price and average remaining contractual life of the 20,811 options outstanding at December 31, 2020 (Successor) was \$1,000.00 and 8.6 years. The weighted-average exercise price and average remaining contractual life of the 20,273 options outstanding at December 31, 2019 (Successor) was \$1,000.00 and 9.6 years. As of December 31, 2021 (Successor), 3,913 options were vested, at December 31, 2020 (Successor), 1,930 options were vested, and at December 31, 2019 (Successor), no options had vested.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

The estimated fair value of options is amortized to compensation expense on the straight-line basis over the options' vesting period. The compensation cost for share-based employee compensation was \$737,560, \$726,732, \$297,031, and \$9,999,388 for the year ended December 31, 2021, the year ended December 31, 2020, the period from March 13, 2019 to December 31, 2019 (Successor), and the period from January 1, 2019 to March 12, 2019 (Predecessor), respectively.

Expected amortization for the subsequent years ending December 31 is as follows:

Years ending December 31		
2022	\$	728,686
2023		728,686
2024		432,282
2025		10,556
Total amortization	\$	1,900,210

11. Employee Benefit Plan

FII has a defined contribution plan structured under Section 401(k) of the Internal Revenue Code. Under the plan, contributions are made by eligible employees. The employees can elect to contribute up to 20% of their salary or \$19,500 in both 2021 and 2020, and \$19,000 in 2019. FII matches 25% of the first 6% of contributions in the amount of \$145,027, \$20,108, \$57,043 and \$12,335 for the year ended December 31, 2021, the year ended December 31, 2020, the period from March 13, 2019 to December 31, 2019 (Successor), and the period from January 1, 2019 to March 12, 2019 (Predecessor), respectively. The Company match is discretionary and was temporarily discontinued between April 3, 2020 and March 1, 2021.

The Company currently offers no other postretirement or postemployment benefits to its employees.

12. Subsequent Events

The Company evaluated subsequent events through May 1, 2022, the date the consolidated financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

GUARANTY OF PERFORMANCE

For value received, Propelled Brands Franchising, LLC, a Delaware limited liability company (the "Guarantor"), located at 2542 Highlander Way, Carrollton, Texas 75006, absolutely and unconditionally guarantees to assume the duties of FASTSIGNS International, Inc., located at 2542 Highlander Way, Carrollton, Texas 75006 (the "Franchisor") under its franchise registration in each state where its franchise is registered or exempt from registration, as applicable, and under its Franchise Agreement as identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended, from time to time. This guaranty continues until all such obligations of the Franchisor under the franchise registration or franchise exemption (as applicable) and Franchise Agreement are satisfied or until liability of the Franchisor under the Franchise Agreement has been completely discharged, whichever first occurs. Guarantor is not discharged from liability if a claim by the 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 guaranty is binding on the Guarantor and on its successors and assigns.

The Guarantor signs this guarantee at Carrollton, Texas on the 25th day of April, 2023.

Guarantor:

PROPELLED BRANDS FRANCHISING, LLC



By: Catherine Monson

Title: Chief Executive Officer & President

EXHIBIT F

OPERATING MANUAL TABLE OF CONTENTS

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EXHIBIT G

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of December 31, 2022) and the address and telephone number of each of their outlets:

Franchisee Name	Address	Phone Number
Chad Lemanski	8129 W. 94 th Street, Westminster, CO 80021	720-923-1857
Michael Varnadore	19651 Bruce B. Downs Blvd, Tampa, FL 33647	813-321-1700
Jon Routledge & John Cello	9148 Bonita Beach Road, Suite 203, Bonita Springs, FL 34135	239-949-2311
Hans and Cherie Flueck	2931 Richmond Road, Lexington, KY 40509	859-217-2233
Kevin Martin	203 East Central St, Franklin, MA 02038	617-752-3246
John Danahey	63 Tremont St, Unit A, Taunton, MA 02780	339-970-3556
Angel Soto	3380 E Russell Rd, Suite 111, Las Vegas, NV 89120	702-608-8365
Nicole Ruderman & Tricia Jones	18 Lafayette Road, Unit 6, North Hampton, NH 03862	605-758-6585
Bud Gay	190 Munsonhurst Rd, Suite 5, Franklin, NJ 07416	973-241-3060
Peter Holczinger	326 Route 22 West, Suite 8BB, Green Brook, NJ 08812	908-589-7534
Paul Blanchette	6628 Heath Glen Drive, Charlotte, NC 28227	704-560-5890
Ellen King	5725 Oleander Drive, Suite C5, Wilmington, NC 28403	910-827-6167
Philip Carter	1241 South Main St., Suite 22, Wake Forest, NC 27587	919-912-2610
Mike Triolo and Taana Kovtoun	8565 Chapel Hill Rd., Cary, NC 27513	919-999-2181
Elizabeth Stauffer	900 Henderson Rd., Asheville, NC 28803	828-333-4040
Rory & John Dunnaback	11049 SE Main St, Milwaukie, OR 97222	503-276-4818
John and Rory Dunnaback	12450 SW Main St., Suite 110, Tigard, OR 97223	971-350-5656
Erik Nelson	609 S Chester Rd, Swarthmore, PA 19081	610-703-5067
Chuck Bailey and Matt Swearingen	1136 Thorn Run Rd., Space #1136a, Moon Township, PA 15108	412-690-0038
Paul Blanchette	1218 Rosemont Drive, Indian Land, SC 29707	704-558-3050
Susan and Don Dally	11110 Kingston Pike, Suite 140, Knoxville, TN 37934	865-672-9900
Roger Turnbow and Dion Roberson	28120 US Hwy 281 North, Suite 101A, San Antonio, TX 78260	210-904-2506
Victor Predtechenskis	515 W. Campbell Rd, Richardson, TX 75080	972-349-0206
Tony Modaro	25311 Kingsland Blvd, Suite 100, Katy, TX 77494	281-371-6689
Gary Stading	2030 Glade Rd, #264, Grapevine, TX 76051	682-244-2664
Woody Huffines	6405 Eldorado Parkway, McKinney, TX 75070	469-325-3912
David Alcorn	903FM 518 Suite J, Kemah, TX 77565	281-721-9422
Michael Varva, Shannon Speerbrecher, and Richard Nellis	1411 N. Valley Mills Dr., Suite 2, Waco, TX 76710	254-730-7194
Chuck Kleindienst	11038 Air Park Rd, Ashland, VA 23005	804-339-4217
Regis DeVeaux & Tad Teshager	321 S. Washington Street, Alexandria, VA 22314	(517) 496-6373
Michael Santiago	11639 NE 8th St, Bellevue, WA 98005	425-366-8234
Jeff and Mallory Kindred	210 SW Everett Mall Way, Suite B, Everett, WA 98204	425-760-8330

Franchise Agreements Signed but Outlets Not Yet Open as of December 31, 2022:

Franchisee	Street Address	City	State	Zip	Phone
Charles Rourk	118 Jace Street	Carencro	LA	70520	337-349-5565

Former Franchisees as of December 31, 2022

Name, city and state, and 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 the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

NTG HUDSON, INC., Vincent, Linda, & Stephen Bonanno, Bernardo DiFloures, and Victoria Pelletier– (Termination/Closure)	Hudson, NH	508-641-2605
Huspeni Enterprises Rapid Deployment, Inc., Clare and Dennis Huspeni – (Termination – Closure)	Parker, CO	720-822-6287

The following is a list of franchisees that left the system due to reselling their location as of December 31, 2022:

Dale Computer Repair Corp., Vicki & Ronny Dale	Grapevine, TX	2046 214-770-5248
Goen's Nerds, LLC, Jason Goen	Richardson, TX	972-349-0206
Nani Corp., Steve and Jennifer Garcia	Indian Land, SC	704-274-2226

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

CONVERSION NOTE (DIRECT FINANCING)

EXHIBIT “H”

PROMISSORY NOTE

Payee: GTN Capital Group, LLC

Maker: _____

Principal Amount: \$34,750

Interest Rate: 0% annually _____, 20

For value received, the undersigned (whether one or more, jointly and severally), individually and personally (the "Maker"), promises to pay to the order of GTN Capital Group, LLC, a Connecticut limited liability company ("GTN" or "Payee") its transferees, successors or assigns, at c/o Propelled Brands, 2542 Highlander Way, Carrollton, Texas 75006-2333, or at such other address as the Payee hereof shall specify in writing to the undersigned, the sum of Thirty-Four Thousand Seven Hundred Fifty and no/100 Dollars (\$34,750), legal and lawful money of the United States of America from the date hereof until maturity.

The principal of Nine Hundred Sixty-Five Dollars and 28/100 (\$965.28) shall be due and payable in thirty-six (36) monthly installments on the twenty-fifth (25th) day of each month. The first payment is due thirty (30) days after commencement of operation as a NerdsToGo Location by Maker.

Upon the occurrence of any of the following events of default, Payee, at its option and without notice to Maker, may declare the entire unpaid principal balance of this Note together with all other indebtedness of Maker to Payee, to be immediately due and payable: (a) Maker's failure to pay any principal, or any other charge or expense payable hereunder, when due and payable hereunder; (b) any breach or default by Maker of any warranty, representation, covenant, term or condition stated herein, in the Agreement, or in any other security instrument, affidavit or other agreement or instrument between Maker and Payee; (c) if the Franchise Agreement is terminated for any reason by Maker or Payee, (d) if Maker is generally not paying its debts as such debts become due; (e) the commencement of any proceedings under any bankruptcy or insolvency laws by or against Maker; or (f) the sale, assignment, transfer or conveyance of all or substantially all of Maker's assets. Upon any such event of default, Payee may (in addition to accelerating the debt) exercise any and all rights and remedies available to it under this Note, under any other security instrument, affidavit or other document instrument executed in connection with or pursuant to this Note, and otherwise at law and in equity, all such rights and remedies being cumulative, and not exclusive.

Upon the occurrence of any event of default, the entire indebtedness shall be matured, at the option of the Payee; and in the event default is made in the prompt payment of this Note when due or declared due, and the same is placed in the hands of an attorney for collection or suit is brought on the same, or the same is collected through Probate, Bankruptcy or other judicial proceedings, then Maker agrees and promises to pay a reasonable attorneys' fee for collection, which in no event shall be less than ten percent (10%) of the principal then owing. Neither the failure, partial failure, nor any delay on the part of Payee to exercise any right, power or privilege hereunder shall operate as a waiver thereof.

This Note may be prepaid, in whole or in part, without premium or penalty, as of the date of any regularly scheduled payment hereunder.

Each Maker, surety and endorser of this Note expressly waives all notices, demands for payment, presentations for payment, notices of intention to accelerate the maturity, protest and notice of protest, as to this Note and as to each, every and all installments hereof, and each consent that the Payee or any other creditor under this Note may at any time, and from time to time, upon request of or by agreement with any of us, extend the maturity date hereof or change the time or method of payments without notice to any of the other makers, sureties or endorsers, who shall remain bound for the payment hereof.

No delay or failure of Payee in exercising any right, remedy, power or privilege hereunder shall operate as a waiver or otherwise affect such right, remedy, power or privilege, nor shall any single or partial exercise thereof preclude the exercise of any other right, remedy, power or privilege. No delay or failure of Payee at any time to demand strict adherence to the terms of this Note shall be deemed to constitute a waiver of any such rights or a course of conduct inconsistent with Payee's right at any time, before or after an event of default, to demand strict adherence to the terms of this Note. Payee shall not be deemed to have waived any of its rights hereunder unless the same shall be in writing signed by Payee, and each such waiver, if any, shall be a waiver only with respect to the specific matter or matters to which the waiver relates and shall not impair the rights of Payee or the obligations of Maker in any other respect.

Maker shall not assign or otherwise transfer this Note (in whole or in part), nor shall Maker delegate any or all of its obligations hereunder without the prior written consent of Payee, which consent may be withheld for any reason or for no reason. No assignment or other transfer of this Note shall be construed so as to release Maker from any of its obligations or liabilities hereunder, whether accruing before or after such assignment or transfer.

This Note shall be binding upon Maker and its successors and permitted assigns and shall inure to the benefit of and be enforceable by Payee and its successors and assigns.

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

The liability of each Maker executing this Note shall be joint and several and the term "Maker" shall mean each and all such Makers.

To induce Payee to extend to Maker the loan evidenced by this Note, Maker irrevocably agrees that, subject to Payee's sole and absolute election, ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THIS NOTE WILL BE LITIGATED EXCLUSIVELY IN THE STATE OR FEDERAL COURT OF GENERAL JURISDICTION IN DALLAS, TEXAS. MAKER AND PAYEE EACH WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS NOTE.

IN WITNESS WHEREOF, the undersigned have executed this Note as of the date and year first set forth above

MAKER:

By: _____

Title: _____

This Note is personally guaranteed by (the “Guarantor”). Guarantor unconditionally guarantees payment to Payee of all amounts owing under the Note. This Guarantee remains in effect until the Note is paid in full. Guarantor must pay all amounts due under the Note when Payee makes written demand upon Guarantor. Payee is not required to seek payment from any other source before demanding payment from Guarantor.

GUARANTOR:

By:

EXHIBIT I

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of California only, this Disclosure Document is amended as follows:

1. The following paragraph is added at the end of Item 3 of the Disclosure Document:

Except as disclosed above, neither we nor any person 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 and Exchange Act of 1934, 15 U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. 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.

3. OUR WEBSITE, a www.nerdstogo.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dbo.ca.gov.

4. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

Termination upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

Material Modification. California Corporations Code, Section 31125 requires the franchisor to 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.

Covenant not to Compete. 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.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur at a suitable location in Dallas County, Texas with the costs being borne as the arbitrator determines. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of the Franchise Agreement restricting venue to a forum outside the State of California.

Releases. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Illinois law governs the agreements between the parties to this franchise.

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

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

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

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

1. The following language is added to the end of Item 5 of the Disclosure Document:

Pursuant to an order from the Maryland Office of the Attorney General, we have posted a surety bond and the surety bond is on file with the Maryland Securities Division.

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

Any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The “Summary” section of Item 17(h), entitled **“Cause” defined – non-curable defaults**, of the Disclosure Document, are amended by adding the following:

The agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.

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

Subject to the Federal Arbitration Act and other federal laws, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

Except as otherwise required by applicable law for claims arising under the Maryland Franchise Registration and Disclosure Law, the Franchise Agreement is to be interpreted and construed under Texas law (except for Texas choice of law rules).

5. The following language is added to the end of Item 17 of the Disclosure Document:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

MICHIGAN

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE 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 IS 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.

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

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

1. The following language is added to the end of Item 13:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

2. The following is added at the end of the chart in Item 17:

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

Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement to the extent the law allows.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

1. The following information is added to the State Cover Page of the Disclosure Document:

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

2. The following paragraphs are added at the beginning of Item 3 of the Disclosure Document:

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been held the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud;

embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687.(5) be satisfied.

The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: The following is added to the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and 17(w), titled “**Choice of law**”:

The foregoing choice of law and forum should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

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

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

2. The “Summary” sections of Item 17 (I), entitled **Franchisee’s obligations on termination/non-renewal**, of the Franchise Agreement and Development Agreement charts in the Disclosure Document, is amended by adding the following:

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

3. The “Summary” sections of Item 17(u), entitled **Dispute resolution by arbitration or mediation**, of the Franchise Agreement and Development Agreement charts in the Disclosure Document, is amended by adding the following:

However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), the arbitration will be at a site to which we and you mutually agree.

4. The “Summary” sections of Item 17(v), entitled **Choice of Forum**, of the Franchise Agreement and Development Agreement charts in the Disclosure Document is amended by adding the following:

To the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The “Summary” sections of Item 17(w), entitled **Choice of law**, of the Franchise Agreement and Development Agreement charts in the Disclosure Document is amended by adding the following:

Except for the Federal Arbitration Act and other federal law, North Dakota law governs.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the “Summary” section of Item 17(h), entitled **“Cause” defined – non-curable defaults**, is amended by adding the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

The following paragraph is added at the end of Item 17:

If any of the provisions in this disclosure document or the Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the “Act”), then (if the Act applies by its terms) the provisions of the Act will prevail over the inconsistent terms of the disclosure document and/or Franchise Agreement for any franchises sold in Washington. However, we and you agree to enforce the Franchise Agreement’s provisions to the extent the law allows.

EXHIBIT J

STATE ADDENDA TO FRANCHISE AGREEMENT

**AMENDMENT TO GTN CAPITAL GROUP,
LLC FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider (the “Rider”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and

, a

____ (“Franchisee”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Location that you will operate under the Franchise Agreement was made in the State of Illinois and the Location will be located in Illinois, and/or (b) you are a resident of Illinois.

2. The following language is added to the end of the Franchise Agreement:

The provisions of the Franchise Agreement concerning governing law, jurisdiction, venue and choice of law will not constitute a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act. However, a Franchise Agreement may provide for arbitration outside of Illinois.

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

3. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____

Name: _____

Title: _____

Date: _____

**AMENDMENT TO GTN CAPITAL GROUP,
LLC FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

The GTN Capital Group, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and GTN Capital Group, LLC (“Franchisor”) (“Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”) as of the date signed by us and set forth opposite our signature on this Amendment:

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Any representations requiring Franchisee to assent to a release, estoppels or waiver of any liability are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise and Disclosure Law.
- b. Franchisee may bring an arbitration action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- c. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- d. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

2. Pursuant to an order from the Maryland Office of the Attorney General, we have posted a surety bond and the surety bond is on file with the Maryland Securities Division.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, are satisfied 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.

4. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the

franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

By:_____

Name:_____

Title:_____

Date: _____

FRANCHISOR:

GTN CAPITAL GROUP LLC

By:_____

Name:_____

Title:_____

Date: _____

**AMENDMENT TO GTN CAPITAL GROUP,
LLC FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The GTN Capital Group, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and GTN Capital Group, LLC (“Franchisor”) (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment (the “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Franchisor will protect franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the Proprietary Marks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee’s use of the Proprietary Marks except in accordance with the requirements of the Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within ten (10) days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- b. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Agreement.

- c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.
- d. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor, except in certain specified cases, from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
- e. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

2. Each provision of this Franchise Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____

Name: _____

Title: _____

Date: _____

**AMENDMENT TO GTN CAPITAL GROUP,
LLC FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

The GTN Capital Group, LLC Franchise Agreement between _____
_____ (“Franchisee” or “You”) and GTN Capital Group, LLC (“Franchisor”) (“Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”) as of the date signed by us and set forth opposite our signature on this Amendment:

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Location that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Location in New York.

2. **Releases.** The following language is added to the end of Sections 15.2 (viii) and 3.2 of the Franchise Agreement:

However, that to the extent required by Article 33 of the General Business Law of the State of New York, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 are satisfied.

3. **Transfer by Us.** The following language is added to the end of Section 15.1 of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

4. **Termination by You.** The following language is added to the end of Section 14 of the Franchise Agreement:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **Governing Law and Consent to Jurisdiction.** The following language is added to the end of Sections 17.5 and 18.7 of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. **Limitation of Claims.** The following language is added to the end of Section 17.4 of the Franchise Agreement:

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

7. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

**AMENDMENT TO GTN CAPITAL GROUP, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

The GTN Capital Group, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and GTN Capital Group, LLC (“Franchisor”) (“Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”) as of the date signed by us and set forth opposite our signature on this Amendment:

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchises Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under North Dakota Law, and such acknowledgments shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If this Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under North Dakota Law.
- d. If the Agreement requires that it be governed by a state’s law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.
- e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

- f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under North Dakota Law.
- g. If required by the North Dakota Franchise Investment Law, Section 18.7 of the Agreement, Dispute Resolution, shall be deleted in its entirety.
- h. Section 17.4 of the Agreement, Limitation of Claims, shall have the sentence “The statute of limitations under North Dakota law applies.” added to the end of the section as if it were an original part of the Agreement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, 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.

3. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

**AMENDMENT TO GTN CAPITAL GROUP
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON**

The GTN Capital Group, LLC Franchise Agreement between _____ (“Franchisee” or “you”) and GTN Capital Group, LLC (“Franchisor”) (“Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”) as of the date signed by us and set forth opposite our signature on this Amendment:

1. **Background.** Franchisor and you are parties to that certain Agreement that has been signed at the same time as the signing of this Rider (the “**Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being signed because (a) the Location that you will operate under the Agreement will be located in Washington; and/or (b) you are a resident of Washington; and/or (c) any of the offering or sales activity relating to the Agreement occurred in Washington.

2. **Addition of Paragraphs.** The following is added to the end of the Agreement:

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the “**Act**”), the Agreement shall be modified as follows:

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

RCW 19.100.180 may supersede the Agreement in your relationship with the Franchisor including the areas of termination and renewal of Franchisee’s Agreement. There may also be court decisions which may supersede the Agreement in your relationship with the Franchisor including the areas of termination and renewal of Franchisee’s Agreement.

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 Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which

unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read, and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

AMENDMENT TO GTN CAPITAL GROUP LLC FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA, HAWAII, INDIANA, MICHIGAN, SOUTH DAKOTA,
RHODE ISLAND, VIRGINIA AND WISCONSIN

The NerdsToGo Franchise Agreement between _____ (“Franchisee” or “You”) and GTN CAPITAL GROUP LLC (“Franchisor”) dated (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment (“Amendment”):

1. **Background.** Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Amendment (the “**Franchise Agreement**”). This Amendment is part of the Franchise Agreement.

2. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read, and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT K

INFORMATION ABOUT AREA REPRESENTATIVES

Texas

Elvin Lee Caraway, III – President, N2G Development, LLC. Mr. Caraway has been an Area Representative through N2G Development, LLC, in Fort Worth, Texas, since May 2017. He is also a member of our NerdsToGo Advisory Council. He has also been self-employed as an attorney/businessman since 1991 in Fort Worth, Texas.

Robert E. Freeman – Partner, N2G Development, LLC. Mr. Freeman has been an Area Representative through N2G Development, LLC, in Ft. Worth, Texas, since May 2017. He is also a member of our NerdsToGo Advisory Council. He has been self-employed in the design and real estate industry since 1983.

Tennessee

Don Dally – Mr. Dally has been an Area Representative for NerdsToGo in Tennessee since December 2019. Mr. Dally also served as the Chief Information Officer for Proctor U serving the Birmingham, Alabama, area since December 2019. Mr. Dally served as Chief Technology Officer for Perfect Serve, Inc. in Knoxville, Tennessee, from October 2001 until November 2018.

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or are exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, 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	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
South Dakota	
Rhode Island	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

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 GTN offers you a franchise, under the Federal Trade Commission Franchise Rule, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York requires that we give this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Rhode Island requires that we give this disclosure document at the earlier of the first personal meeting or 10 business days before signing a binding agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before signing a binding agreement or the payment of any consideration, whichever occurs first.

If GTN does not deliver this disclosure document on-time or if it contains a false or misleading statement, or material omission, a violation of federal and state law may have occurred and should be reported to the federal trade commission, Washington, D.C. 20580 and your state agency identified on exhibit "A".

The name, principal business address and telephone number of each franchise seller offering the franchise: Mark Jameson and _____, GTN Capital Group, LLC, Inc., 2542 Highlander Way, Carrollton, Texas 75006, (214) 346-5600.

Issuance Date: May 1, 2023

I received a disclosure document dated May 1, 2023, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Rider to Lease Agreement
- D. Form of General Release
- E. Financial Statements
- E-1. Guarantee of Performance
- F. Operating Manual Table of Contents
- G. Current and Former Franchisees
- H. Conversion Promissory Note (Direct Financing)
- I. State Addenda to Disclosure Document
- J. State Addenda to Franchise Agreement
- K. Information about Area Representatives

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy for Your Records

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 GTN offers you a franchise, under the Federal Trade Commission Franchise Rule, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York requires that we give this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Rhode Island requires that we give this disclosure document at the earlier of the first personal meeting or 10 business days before signing a binding agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before signing a binding agreement or the payment of any consideration, whichever occurs first.

If GTN does not deliver this disclosure document on-time or if it contains a false or misleading statement, or material omission, a violation of federal and state law may have occurred and should be reported to the federal trade commission, Washington, D.C. 20580 and your state agency identified on exhibit "A".

The name, principal business address and telephone number of each franchise seller offering the franchise: Mark Jameson and _____, GTN Capital Group, LLC, Inc., 2542 Highlander Way, Carrollton, Texas 75006, (214) 346-5600.

Issuance Date: May 1, 2023

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- H. Conversion Promissory Note (Direct Financing)
- I. State Addenda to Disclosure Document
- J. State Addenda to Franchise Agreement
- K. Information about Area Representatives

Signature: _____
Print Name: _____
Date Received: _____

Return this copy to us.
GTN Capital Group LLC, Mark Jameson, Chief Support and Development Officer, 2542
Highlander Way, Carrollton, TX 75006