Franchise Disclosure Document [FDD]

Independent Operators United, LLC
an Ohio limited liability company
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Bellville, Ohio 44813
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The franchise is a business that provides insulation replacement and installation services for residential and commercial property owners, builders and contractors. This is a service-oriented business that replaces insulation and installs a variety of different types and brands of insulation depending on the structure of the building, all under the name "North Central Insulation™". The total investment necessary to begin operation of a North Central Insulation™ franchise ranges from $87,450 to $170,000 which will depend on a number of factors which are further discussed in Item 7. This includes the Initial Franchise Fee of $40,000 (as discussed in Item 5) that must be paid to the Franchisor or its affiliate. Additional franchises may be available for those franchisees who have bought at least one franchise, at a reduced Initial Franchise Fee of $30,000 per franchise.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact:

Rhett Dudgeon, President
Independent Operators United, LLC
7539 State Route 13
Bellville, Ohio 44813
(419) 515-5860

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

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

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

We currently do not engage the services of franchise brokers.

Issuance Date: August 8, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit I 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 North Central Insulation™ business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a North Central Insulation™ franchisee?	Item 20 or Exhibits G and Exhibit H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in the 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 B.

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

Special Risks to Consider About *This* Franchise

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

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

2. **Governing Law.** The Franchise Agreement states that Ohio law governs the agreement, and this law may not provide the same protections and benefits as local laws. You may want to compare these laws.

3. **Territory.** You will not receive an exclusive territory. Your territory may face competition from other franchisees, from outlets owned by us or our affiliates or from other channels of distribution or competitive brands that we own as further described under Item 12 titled territory.

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

5. **Trademarks.** Our trademarks are not federally registered therefore they do not have as many legal benefits and rights as federally registered trademarks. If our right to use and license any of our trademarks is challenged, you may have to use an alternative trademark that is licensed to you by us. This may increase your expenses.

6. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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Independent Operators United, LLC

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ITEM 1
FRANCHISOR AND ANY PARENTS, PREDECESSORS & AFFILIATES

The Franchisor is Independent Operators United, LLC, an Ohio limited liability company, doing business as "North Central Insulation™." For ease of reference, Independent Operators United, LLC will be referred to as "we," "us," "our," "IOU" or "Franchisor" in this Disclosure Document. We will refer to the person or entity who buys the Franchise as "you," "your," or "Franchisee," throughout this Disclosure Document. If you are a corporation or a limited liability company, partnership or other entity, certain provisions of the franchise agreement also apply to your shareholders, members, partners, or owners and will be noted. Any such corporations, partnerships, limited liability companies or other type of entity may be referred to as an "Entity" and those who own the Entity may be referred to as "Owners."

We are an Ohio limited liability company, incorporated on February 24, 2025. We do business under the same name as our corporate name "Independent Operators United, LLC" as well as "NCI Foam" and "North Central Insulation." Our principal business address is 7539 State Route 13, Bellville, Ohio 44813. We operate and sell franchises for the operation of a business known as "North Central Insulation™" (the "Business," "Franchise" or "Franchised Business"). We grant to persons or entities which meet our qualifications, and who are willing to undertake the investment and effort, the right to open and operate a Franchise for the development and operation of an insulation replacement and installation services for residential and commercial property owners, builders and contractors within a specific area in accordance with our then-current franchise agreement ("Franchise Agreement"), a copy of which is attached to this Disclosure Document as Exhibit A. This is the first time IOU has offered franchises of the type described in this Disclosure Document, and IOU has never offered franchises in any other line of business. Our agents for service of process are disclosed in Exhibit B.

Our Parents, Predecessors and Affiliates:

We have no parent. There are seven operating business that offers similar services and products to a North Central Insulation™ Franchise being offered. The following is a list of IOU's predecessors and affiliates including principal addresses and number of locations for each.

Our predecessor, North Central Insulation, owned by Brent and Linda Dudgeon, was a sole proprietorship that was formed on June 1, 1980, and was later merged into our affiliate, North Central Insulation, Inc ("NCI"), an Ohio corporation that was created on April 29, 1986 which was later transferred to Rhett and John Dudgeon as new owners on January, 1 2023. NCI shares the same physical address as us and operates five businesses substantially similar to the Franchise being offered by us which are: North Central Insulation ™ at 7539 State Route 13, Bellville, Ohio 44813 which began operations on June 1, 1980; NCI Foam at 7539 State Route 13, Bellville, Ohio 44813 which began operations on January 3, 2014; North Central Insulation ™ at 7538 Lincoln Way East, Apple Creek, Ohio 44606 which began operations on August 31 1999; North Central Insulation ™ at 995 Brice Street, Newark, Ohio 43055 which began operations on September 11, 2001; and North Central Insulation ™ at 1200 Lakeview Ave, Washington Courthouse, Ohio 43160 which began operations on August 26, 2024. We and NCI are independent entities, and NCI does not assume any of our legal or other obligations nor us of theirs. NCI does not offer franchises.

Our affiliate, North Central Insulation of Kentucky, LLC ("NCIK") is an Ohio limited liability company that was formed on December 21, 2016. NCIK's physical address is 709 Mt Eden Road, Shelbyville, Kentucky 40065 and operates a business substantially similar to the Franchise being offered by us which is: North Central Insulation™ at 709 Mt Eden Road, Shelbyville, Kentucky 40065 which began operations on December 28, 2016. We and NCIK are independent entities and NCIK does not assume any of our legal or other obligations nor us of theirs. NCIK does not offer franchises.

Our affiliate, North Central Insulation of Pennsylvania, LLC ("NCIP") is an Ohio limited liability company that was formed on April 3, 2017. NCIP's physical address is 113 Power Drive, Loyalhanna, Pennsylvania 15661 and operates a business substantially similar to the Franchise being offered by us which is: North Central Insulation™

at 113 Power Drive, Loyalhanna, Pennsylvania 15661which began operations on April 6, 2017. We and NCIP are independent entities and NCIP does not assume any of our legal or other obligations nor us of theirs. NCIP does not offer franchises.

Our Business and the Franchises Offered:

The North Central Insulation™ business model has been developed to offer a convenient, comprehensive and cost-effective solution for property owners, builders and contractors to replace and install insulation that will help control the temperature inside their structure. The North Central Insulation™ philosophy is that by installing the correct type of insulation, property owners will benefit from properly insulated structures resulting in reduced heating and cooling costs. This is a home-based, service-oriented business however, it can be operated out of a small office, warehouse or industrial space (all of which must be approved by us). Each North Central Insulation™ franchise in accordance with our standards, specifications, methods, techniques and procedures will provide uniformed and professionally trained technicians who will perform scheduled insulation removal and installation services that include but are not limited to: onsite consultations and estimates, services to remove old insulation in existing structures; installation services for new insulation in existing structures using fiberglass batts insulation (areas for installation include attics, crawl spaces, basements, walls, etc.); installation services for new construction of structures using different types and brands of fiberglass batt insulation (areas for installation include attics, crawl spaces, basements, walls, etc.); different types and brands of insulation for sale as part of services in addition to offering our proprietary service guarantee program along with other insulation-related services and products approved by us. We may authorize you to offer additional services and/or products in the future such as: spray foam insulation services, blown insultation services, cellulose insulation services and other insulation-related services and products approved by us.

Competition includes national and local residential and commercial insulation businesses operated by national chains, local chains, independent operators and to some extent general contractors offering similar services to those found in a North Central Insulation™ business. Your customers are builders and contractors who need insulation installed in structures and also residential and commercial property owners seeking remove and replace their existing insulation. Generally, there is no seasonality to this business. There is a high demand for the installation of insulation in new structures and services to remove and replace insulation in existing residential and commercial structures as the market is competitive in the United States. We plan controlled expansion into areas that we determine can support a North Central Insulation™ Business to improve name recognition and our reputation through Franchised Businesses.

The North Central Insulation™ Business and system are characterized by our: services along with specific equipment and products used, methods, processes, techniques and procedures when performing services; specifications for equipment, products and supplies and strategies for using and purchasing such items; relationships with vendors and suppliers, cost controls and pricing strategies; operational procedures to manage high volume, guidelines for hiring, training and retaining employees; vehicle and trailer appearance standards with unique and recognizable graphics; our website and franchise web page housed within our national website; strategies for acquiring customers, our proprietary sales presentations, estimating techniques and service guarantee program; advertising, marketing, networking and promotional strategies along with materials; management and record keeping procedures; our confidential operations manual ("Operations Manual" or "Manuals") and other manuals, forms and materials which are made available either in hard copy or electronically; all of which may be changed, improved and further developed by us periodically (the "System").

The System is identified by means of certain trade names, service marks, trademarks, slogans, logos, emblems, and indicia of origin, including the design mark "NCI North Central Insulation" which is pending registration on the principal register of the United States Patent and Trademark Office ("USPTO") bearing the serial number 99098030 and word mark "North Central Insulation" which is pending registration on the principal register of the United States Patent and Trademark Office ("USPTO") bearing the serial number 99097981. You will be

licensed to use not only this mark, but also all other service marks, designs, trademarks, slogans, logos and emblems as we may designate for use in connection with the System (collectively, the "Marks," and each a "Mark").

Laws and Regulations:

In general, you must comply with all local, state, and federal laws and governing agencies that apply to your Business, to the public generally, and to public safety. Such laws and governing agencies include but are not limited to: the Resource Conservation and Recovery Act, Environmental Protection Agency ("EPA"), Occupational Safety and Health Administration ("OSHA") and all health and sanitation laws. Most states, counties and local jurisdictions will have contractor licensing laws and require you to have either an insulation and acoustical contractor's license, general contractor's license or some other type of license or certification in order to perform such services. If your state, county and/or local jurisdiction requires that you have an insulation and acoustical contractor's license, general contractor's license or some other type of license or certification and you do not have such license or certification, then you must obtain such license or certification or hire (partner with) one individual who has such license or certification (if applicable) prior to signing the Franchise Agreement. Depending on the licenses and/or certifications that are required by your state or county, your license and/or certification (or such license or certification of your partner) must remain in good standing throughout the term of your Franchise Agreement. If your license or certification or your partner's license or certification (such as an insulation and acoustical contractor's license, general contractor's license or some other type of license or certification depending on what your state requires) is revoked, suspended, or restricted, or if an action to do so is begun by a governmental agency, you must immediately notify us and refrain from performing such work. If you are in a state that requires such license or certification and either you or your partner does not maintain any required license or certification in good standing throughout the term of your Franchise Agreement, we may terminate your Franchise Agreement. You are responsible for checking the laws of the state and local government in which you intend to conduct business to determine if you are required to obtain any permits or if there are any licensing or registration requirements and other statutes, codes, rules, regulations or ordinances specific to your Business. You must know such laws and regulations in your locality and must make sure that you and all your employees who work in your Business comply with any such laws and regulations as well as obtain any licenses, certifications or permits required by your locality for performing work in your Business. You are responsible for knowing all laws and regulations and obtaining all certifications, licenses and permits required by your locality.

In addition to laws and regulations that apply to businesses generally, there are consumer protection laws that exist in several states. Certain requirements, including compliance with federal and/or state solicitation, telemarketing (for example, the "do not call" registry), email solicitation, privacy and consumer credit and collection laws are generally applicable to all businesses that sell directly to the end-user. You must comply with all local, state and federal laws that apply to your Business and to the public. Those laws include Equal Employment Opportunity Commission ("EEOC"), Federal Trade Commission ("FTC"), pricing laws and employment laws. Such employment laws include regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers' compensation, child labor practices, disabled employees and discrimination in employment practices. There are also many state and local laws and regulations detailing how to define independent contractors for different purposes, such as tax, effect of applicable employment laws, unemployment compensation and workers' compensation that you are responsible for knowing. You will be subject to the Americans with Disabilities Act which prohibits practices that discriminate against physically and mentally challenged individuals regarding access to public accommodations and employment opportunities. There may be other laws and codes applicable to your business and we urge you to make further inquiries about those laws and codes.

It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state and federal laws and regulations in addition to obtaining and keeping in force all necessary licenses, certifications, permits and registrations required by public authorities, since they vary from place to place and can change over time. You must know all laws and regulations in your locality and must make sure that you and all your employees who work in your Business comply with such laws and regulations as well as obtain any licenses, certifications, permits or registrations required by your locality for performing work in your Business. You should consider both their effect

on your Business and the cost of compliance. Although we monitor legal requirements that affect our franchisees and we make our information available to you, because of the number of potential state and local issues, we cannot guarantee that it will be complete, current and accurate. Therefore, we recommend that you consult with your attorney and/or tax advisor for an understanding of all the laws and regulations applicable to your specific North Central Insulation™ Business and in complying with them.

We have not offered franchises in other lines of business in the past. We do not engage in any business other than the offer of franchises.

ITEM 2
BUSINESS EXPERIENCE

President: Rhett Dudgeon: Rhett is our President since our formation in February 2025. From June 1991 to January 2023, he has worked various positions for our affiliate, North Central insulation, Inc., based out of Bellville, Ohio and in January 2023 to present took over the role of President for our affiliate, North Central Insulation, Inc., responsible for all company-owned locations and based out of Bellville, Ohio.

Vice President: John Dudgeon: John is the brother of our President serving as our Vice President since our formation in February 2025. From May 1992 to January 2023, he has worked various positions for our affiliate, North Central insulation, Inc. based out of Bellville, Ohio and in January 2023 to present took over the role of Vice President for our affiliate, North Central Insulation, Inc., responsible for managing all company-owned locations and based out of Bellville, Ohio.

Director of Operations: Jim Stewart: Jim has been serving as our Director of Operations since our formation in February 2025. From June 1996 to present, he has been an Operations Manager for our affiliate, North Central Insulation, Inc. based out of Bellville, Ohio.

Director of Franchise Relations: Dani Rogers: Dani has been serving as our Director of Franchise Relations since our formation in February 2025. From June 2021 to present, she has been serving as Director of Human Resources for our affiliate, North Central Insulation, Inc. based out of Bellville, Ohio. Previously from October 2017 to May 2021, she was a District Manager for Dunkin Donuts based out of Twinsburg, Ohio.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

The Initial Franchise Fee for a single Franchise (the "Initial Franchise Fee") is $40,000 for a North Central Insulation™ business in a protected area (the "Territory," as further defined in Item 12 of this Disclosure Document). The Territory of a Franchise is determined once a location from where you want to operate your Business is identified and approved by us. The Initial Franchise Fee includes the development of a custom local affiliate web page for your Franchise housed within our national website that may include access to our intranet system that provides ongoing news bulletins and templates for advertising materials to support your Business; web server setup for your web page; our proprietary Operations Manual, a startup kit that includes various marketing materials, access to a self-study program (and related materials) to be completed prior to attending our initial training program, a comprehensive two

week training program at our corporate headquarters and up to four days of sales, marketing and operational assistance and guidance at your location. You must also purchase specific equipment, products and supplies from us, our affiliates or our approved vendors and/or suppliers and the cost for these items may not be refundable (as described in Item 7 and Item 8). During the initial training program, you will be provided with a list of approved vendors and suppliers to purchase all equipment, products and supplies from necessary to operate your Business. At the time you sign your Franchise Agreement and anytime you are in good standing under your Franchise Agreement, you may purchase additional franchises for $30,000 each if we offer additional franchises to you and if you meet the following minimum conditions: (a) you must satisfy our then-current qualifications and training requirements; (b) you must not be in default of the Franchise Agreement; and (c) you must execute our then-current franchise agreement.

The Initial Franchise Fee is paid in a lump sum at the time the Franchise Agreement is signed, is nonrefundable and is deemed fully earned upon the opening of the Business for the deliverables described above and as provided in the Franchise Agreement. In certain states, as required by state authorities based on a review of our financial statements, we may defer our receipt of the Initial Franchise Fee and all other initial payments or deposit them into escrow until we have met our initial obligations to you (see state addenda in Exhibit D).

We may choose to offer you an option to be awarded a North Central Insulation™ Franchise, on the terms set forth in the Option Agreement attached as Exhibit F ("Option"). Under the Option Agreement, you have six months to enter into a Franchise Agreement for a franchised business. In exchange for the Option, you pay a nonrefundable fee of $15,000 ("Option Fee") that: (i) will be credited toward the Initial Franchise Fee if you exercise the Option to purchase an initial franchise during the Option Term, or (ii) will be credited toward the franchise fee for an additional franchise if you exercise your Option to buy an additional franchise during the Option Term following the purchase of the Option to buy an additional franchise. The Initial Franchise Fee upon exercise of an option will be the same as the Initial Franchise Fee without an Option. Whether you buy an initial franchise or an additional one, you must complete the purchase during the Option Term of the Option Agreement.

The Option Fee is not refundable and is payable in full when you sign the Franchise Agreement or Option Agreement, as applicable, except as provided in Exhibit F.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	2% of Gross Revenues or a flat $800 (whichever is greater) per month starting immediately once your Business is open for operation	Due by the 5th day of each month for the previous month.	See Note 1
System Brand Fee	½ % of Gross Revenues or a flat $200 per month (whichever is greater) starting immediately once your Business is open for operation.	Due by the 5th day of each month for the previous month.	We may increase this fee upon 90 days' written notice to you. However, your total contribution will not exceed 3% of Gross Revenues and/or increase to the flat fee minimum of more than $1,200 per month in any calendar year. See Note 2 and Item 11

Interest and Late Charges	1.5% per month or maximum rate allowed by law provided the interest rate cannot exceed the maximum legal rate.	After the due date of fees.	See Note 3
Audit Expenses	Cost of Audit Fees plus interest @ 18% per annum (1.5% per month) up to the maximum interest allowed by law.	Ten days after receipt of audit report.	Payable if you understate Gross Revenues by 2% or more and you also pay the cost of the audit. We expect the cost to be between $3,500- $7,500 unless your financial records are not well kept.
Additional Training	$250 per person per day or costs of third-party charges.	At time training is scheduled and/or additional assistance is requested by you.	While the Initial Franchise Fee includes the cost of our initial training program, the Initial Franchise Fee only covers training for up to three individuals. See Item 11. Additionally, this fee is applicable upon an approved transfer of the Franchise for the initial training program and additional training.
Costs and Attorney's Fees	Will vary under circumstances.	As Incurred	Payable as incurred by us in enforcing the Franchise Agreement, including obtaining injunctive relief. See Note 4
Indemnification	Will vary under circumstances.	On Demand	As Incurred; See Note 4
Software Fees and Ongoing Support	Currently $99-$125 per month for the use and ongoing support of third-party accounting software necessary for the operation of your Business. Currently $2,250 per month for one user then $40 for each additional user for the use and ongoing support of third-party customer relationship management software necessary for the operation of your Business.	Monthly	Payable to our approved vendors See Note 5
Web Page Edits, Updates, Changes, Maintenance and Promotion Fee	Currently $65-$125 per hour that may be necessary to update and/or promote your web page.	As Incurred	Payable to us, our affiliates and/or approved vendors. See Note 6
Product, Vendor and Equipment Assessment Fee	$100 per product or vendor. $300 for equipment testing.	On Demand	Payable to us. See Note 6

Transfer Fee	A flat fee of $2,500 when you transfer a part of the Business (less than 49% of all the assets) or a flat fee of $15,000 when you transfer all the Business (more than 49% of all the assets). If transferee came from our lead database, you may be required to pay the then-current referral fee to us plus any costs associated with applicable broker fees.	At the time the transferee signs the Franchise Agreement in effect for transfer or sale.	Payable to us when the Franchise Agreement is signed or a material portion of the assets in the Business is transferred.
Renewal Fee	None	At the time of renewal for each franchise.	For a protected area.
Resale Fee	Varies	On Demand	If you ask and we agree to assist you in finding a buyer for your Business, you pay us a fee to cover our costs and expenses, including time committed by our personnel.
Temporary Management	Actual Costs	On Demand	Upon death or disability, a manager who completed our training, must be employed to operate the Business. If not done, we can appoint a manager for up to 90 days, renewable up to one year. All expenses, including manager compensation, travel and living expenses will be charged against operating revenues. We also charge the amount of our expenses against those revenues.
Conference Fee	Conference fee, travel, transportation, lodging, meals and incidental expenses in addition to compensation of the people you send to any conferences. Will vary under circumstances. There will be a registration fee for conferences not to exceed $1,000 per person although we will work in good faith to keep the cost down, so it does not exceed our cost.	As Incurred	Payable to third parties and us. There may be an annual conference for all franchisees to attend and other conferences as needed. See Item 11, (13iv).
Refresher Training and/or Continuing Education	Will vary under circumstances. Continuing education is estimated not to exceed $250 per person per day plus your travel expenses or our expenses if we come to your location.	As Incurred	The location for refresher and/or continuing education will be at our headquarters although we reserve the right to provide them over the internet or phone.

Except as stated above, you pay all fees to us, and they are uniformly imposed. All fees are non-refundable.

Note 1: Gross Revenue is defined in the Franchise Agreement as the gross amount, in money or other forms of consideration, that you earn or receive from any source-related to, or in connection with, the operation of your Franchised Business or with this Franchise, whether on or off your premises; which includes all revenues generated from the performance of services and sale of all products as part of service (including retail products, if we authorize you to sell retail products in the future). Gross Revenue also includes fair market value for any service or product you receive in barter or exchange for your services or products, the retail value of any donated and/or complimentary (free) services or products given or provided to customers and all insurance proceeds that you receive for the loss of

the Business due to a casualty to or similar event at the Business. We exclude only (i) gratuities paid by your customers to any employees of your Business; (ii) service fees for credit card transactions, sales tax receipts that you must by law collect or pay; (iii) any customer refunds of previous payments you actually make in good faith; (iv) revenues from any sales taxes or other add on taxes you collect from customer for transmittal to the appropriate taxing authority; and (v) the retail value of any donated and complimentary (free) services or products offered to customers or employees up to a maximum of $3,000 for each calendar quarter. We have the right to change, modify or discontinue your ability to exclude donated and complimentary services and/or products from the Gross Revenue calculation for any reason whatsoever upon 90 days' notice to you.

The Royalty Fee obligation begins immediately after the opening of your Business for operation and continues for the term of your Franchise. Your Business is deemed open for operation the day after you complete the initial training program. The Royalty Fee is due and payable monthly on the 5th day of each month for the previous calendar month, and it is to be received how we specify. The Royalty Fee rate is 2% of your Gross Revenues or a flat $800 (whichever is greater) per calendar month for the entire term of your Franchise Agreement. We will pro-rate the flat Royalty Fee requirement for your first month based on when Business is deemed open for operation. If your Franchise Agreement is terminated, you may be required to continue such Royalty Fee payments for the remainder of the term of your Franchise Agreement.

Royalty Fees may be payable by direct deposit from Franchisee's account to us, and all Royalty Fees are imposed by us only. See Electronic Funds Transfer Agreement attached as Schedule 1 of the Franchise Agreement. We reserve the right to change the time and manner of payment upon written notice to you. All Royalty Fees are non-refundable. All Royalty Fees are uniformly imposed, payable only to us and collected only by us.

Note 2: You will pay us a System Brand Fee equal to ½ % of Gross Revenues or a flat $200 (whichever is greater) per calendar month as described above in Note 1 and in the Franchise Agreement. The System Brand Fee is collected by us and all System Brand Fees are non-refundable. The payment of the System Brand Fee begins immediately once your Business is deemed open for operation (defined in Note 1) and is due on the 5th day of each month, then continues for the term of the Franchise Agreement. We will pro-rate your flat System Brand Fee requirement for your first month based on when your Business is deemed open for operation. We may raise, discontinue or reduce the contribution, but your total contribution will not exceed 3% of your Gross Revenues per month and/or an increase of more than $1,200 per month to the flat fee minimum during the entire term of the Franchise Agreement. In addition, we will not increase the contribution by more than 1% per year or more than $400 per year to the flat fee minimum after a 90 day advance written notice to you. You pay the System Brand Fee at the same time and under the same terms as the Royalty Fee described above. System Brand Fees are uniformly imposed on all franchisees.

We will place the System Brand Fee contribution in a separate bank account. We may use this fund for marketing, local, regional, national or international advertising, public relations, promotions, surveys, test marketing, research and development administration (including all related expenses such as our salaries, accounting, collection, legal and other costs) and any media costs (including media production costs). We make the expenditures at our discretion. We do not represent that any particular level of expenditure will be made for particular programs or to benefit particular franchisees or franchised locations. We are not required to spend any amount on advertising in the area where you are located. We will not spend advertising funds from this account for activities that are principally a solicitation for the sale of franchises. There is no fiduciary relationship between us and you concerning any System Brand Fee contribution. All System Brand Fees are collected only by us.

Note 3: Interest and late charges begin to accrue after the due date of the payment. You must also pay any damages, expenses, collection costs and reasonable attorney fees we incur when you do not make the required payments; provided no interest shall exceed the maximum legal rate. All interest and late charges are: payable only to us, uniformly imposed and non-refundable.

Note 4: You must protect, defend, indemnify and hold us harmless against any claims, lawsuits or losses arising out of your operation of the Franchised Business. If you default under the Franchise Agreement and we engage an

attorney for collection or enforcement, you must pay all our damages and costs to the extent permitted by law. All indemnification costs are payable only to us and collected only by us. Indemnification costs will vary depending on the amount of damages and attorneys' fees that we incur to collect any amounts due and owing by you according to the Franchise Agreement, or to enforce the terms of the Franchise Agreement. Indemnification costs are non-refundable (Franchise Agreement Section XVIII).

Note 5: You are required to use a specific third-party accounting software program for the operation of your Business. This software program is specific to service businesses that manages all estimates, tracks all jobs, account receivables and account payables; incorporates payroll functionality, provides reporting functionality and integrates well with other third-party software programs. The fee for the accounting software which includes usage and ongoing support is currently a flat $99-$125 per month for up to five users (we do not expect franchisees will need more than two users). The accounting software fee is payable to our approved vendors.

You are also required to use a specific third-party customer relationship management software program for the operation of your Business. This software program is specific to service businesses that manages and assigns all leads, generates work orders, manages all client information, dispatch and scheduling functionality, provides reporting functionality and integrates well with other third-party software programs. The fee for the customer relationship management software which includes usage and ongoing support is currently a flat $2,250 per month for one user then is an additional $40 per each additional user thereafter (we do not expect franchisees will need more than one user). The customer relationship management software fee is payable to our approved vendors

You will already have access to the software programs mentioned above prior to your Business being open for operation as the initial software fees for your first month were already accounted for in your estimated initial investment (see Item 7). It is your responsibility to install and upgrade all software used for your Business. You may have to sign a license agreement to use such third-party software. It is also your responsibility to install and upgrade any technology and networking functionality necessary to implement and continue to use such software. You will have sole authority and control over the use of all software, day-to-day operations of the Business and your employees. At no time will your employees be deemed to be employees of ours. Software fees are non-refundable, uniformly imposed and we may change the software requirements upon 90 days' prior written notice to you and you will be required to adhere to the new software requirements and fees at your own expense. Software fees may be changed in response to any increase in the United States Consumer Price Index; if additional functionality and/or features become available; or if we or the manufacturers of such software believe that conditions in the overall economy or in the market for such software warrant any change in fees. Software fees are uniformly imposed, non-refundable and collected by our approved vendors (Franchise Agreement Sections X.D, XII.H, XII.I and XX.A).

Note 6: We, our affiliates and/or our approved vendors will complete all edits, changes and updates to your web page. Any requests for changes or updates to the content of your web page and/or any type of website promotion you wish to do must be approved by us in writing and performed by us, our affiliates and/or our approved vendors. We will respond to you within 30 days of our receipt of your request for all web page changes. The web page edits, updates and changes fee is currently $65-$125 per hour and is payable to us, our affiliates, or our approved vendors. We may modify our web page edits, updates and changes fee requirement upon 90 days' notice to you and you will be required to adhere to our new web page edits, updates, and changes fee requirements at your expense. The fees may be changed in response to any increase in the United States Consumer Price Index, if we choose to offer additional features, if we choose to provide additional web pages, or if we believe that conditions in the overall economy or in the market for such services warrant any change in fees. Web page edits, updates and changes fees are non-refundable and are uniformly imposed and collected only by us, our affiliates, or our approved vendors (Franchise Agreement Section X.E).

Note 6: You will be required to obtain our written approval for any unapproved product, piece of equipment, vendor and/or supplier that you wish to use in the operation of your Business (as described in Item 8) and you will be responsible for paying us an assessment fee. This fee is $100 for any single product, vendor and/or supplier (including manufacturer) you wish to offer, use and/or substitute in your Business. The fee for equipment testing is a minimum

of $300 per piece or the actual cost incurred by us. We may waive these fees if the products, equipment, vendors and/or suppliers you select meet our requirements and are added to our approved list of products, equipment, vendors and/or suppliers for all franchise locations. All product, equipment and vendor assessment fees are payable only to us, are non-refundable and are uniformly imposed (Franchise Agreement Section X.F).

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	$40,000	$40,000	Lump sum; the Initial Franchise Fee is $40,000 which includes a defined territory, a startup kit, our training program and a web page. This Initial Franchise Fee is non-refundable.	At signing of the Franchise Agreement.	Franchisor See Note 1 and Item 5
Technology	$4,500	$6,200	As incurred; for a computer or laptop, tablet, software, printer, copier, router, modem and a phone.	Before Opening	Payable to our approved vendors
Equipment, Furnishings and Fixtures	$2,500	$3,000	As incurred; estimated costs for all equipment, furnishings and fixtures necessary for the operation of your Business.	Before Opening	Payable to our approved vendors. See Note 2
Real Estate	$0	$3,000	As incurred: estimated expenses for either operating from home or leasing a 1,000 square foot office, warehouse or industrial space. This estimate includes first month's rent plus a security deposit.	Before Opening	Landlord See Note 3
Utility Deposit	$0	$200	As incurred; costs will vary due to policies of local utilities and this estimate includes a utility deposit.	Before Opening	Local Utility Suppliers
Startup Inventory	$300	$500	Lump sum; estimated costs for startup inventory of products and supplies necessary for the operation of the Business.	Before Opening	Payable to us, our affiliates, or approved vendors. See Note 4
Vehicle and Trailer	$0	$16,000	As incurred; you must have either a reliable box truck or a pickup truck or sports utility vehicle capable of towing an enclosed trailer (the trailer is only necessary if you do not choose to use a box truck for your Business) that meets our appearance standards.	Before Opening	Third parties See Note 5
Vehicle and Trailer Graphics	$3,000	$4,000	Lump sum; estimated costs for placing approved graphics on your Vehicle and Trailer (if applicable). We specify and provide graphic and design guidelines in the Operations Manual.	Before Opening	Payable to our approved vendors. See Note 6

Staffing	$12,500	$38,000	As incurred; you will need to hire part-time technicians. Some franchisees may also need to hire administrative help, a sales person and a manager. The low end of the estimate takes into account that you hire one part-time technician, you perform all administrative duties, you are the sales person and manager. The high end of the estimate takes into account you hire three part-time technicians, you are the sales person, you perform all administrative duties and you are the manager.	Over the course of three months	Salaries and Expenses
Uniforms	$300	$600	Lump sum; This is an estimate for a minimum inventory of logoed t-shirts, polo shirts and hats you will need for your Business.	Before Opening	Payable to our approved vendors. See Note 7
Insurance	$850	$2,000	As incurred; before commencing operations of the Business and as required by insurance company. Estimate excludes auto and workers' compensation insurance.	Before Opening	Payable to third parties See Note 8
Travel, Lodging and Meals for Initial Training Program	$3,000	$4,500	As incurred; training is held at corporate headquarters. You are responsible for all costs associated with attending such as travel, room and board. Estimate provided is for one person. Additional training is available at your request for which an additional training fee of up to $250 per person per day may be required.	Before Opening	See Item 11
Business Licenses, Permits, Certifications, Professional Fees and Association Dues	$500	$2,000	As incurred; licenses may be required to operate your Business and any professional legal and accounting fees incurred.	Before Opening	Appropriate licensing authorities and third parties.
Operating Expenses and Additional Funds	$20,000	$50,000	Additional funds necessary for the start-up of your Business which includes working capital.	Spent over the course of the first three months	See Note 9
Total	**$87,450**	**$170,000**			

Except as provided below, other than security deposits and utility deposits, all payments and fees described in this Item 7 are non-refundable.

Note 1: We will provide you with a startup kit that includes marketing materials to help accelerate the opening of your Business. The startup kit will be provided to you at our cost as part of your Initial Franchise Fee and includes but is not limited to: business cards, brochures, door hangers, yard signs and logoed apparel. You will need to add to this kit when you run out of such items and all items must be purchased through us, our affiliates, or approved vendors and/or suppliers (Franchise Agreement Section XX.A).

Note 2: This estimate is for the equipment, furnishings and fixtures we would expect you to need in order to operate your Business. You will need to purchase equipment for performing services when starting your Business. The type of equipment you will need includes: scaffolding, one foam gun and different size ladders. The items we would expect you to need for furnishings and fixtures include: desks, chairs and filing cabinet. The low end of this estimate

represents operating the Business from your home taking into account that you purchase all equipment and already have and can use your own furnishings and fixtures. The high end of this estimate represents costs if you intend to operate your Business out of a small office, warehouse or industrial space of approximately 1,000 square feet purchasing all equipment, furnishings and fixtures. You must purchase all equipment, furnishings and fixtures that meet our specifications, which may change from time to time, and you must purchase all equipment, furnishings and fixtures directly from our approved vendors and suppliers. If applicable, you must also pay state and local sales tax on purchasing of all equipment, furnishings and fixtures. The sales taxes may range from 3% to 12% of the purchase price and are not included in these estimates. The cost of all equipment, furnishings and fixtures will depend on purchase terms available, the condition of the equipment, furnishings and fixtures and other factors. You may be able to take advantage of tax benefits for the purchase of all your equipment, furnishings and fixtures and as such, you are encouraged to talk with a tax professional. Expenses for equipment, furnishings and fixtures do not include shipping or delivery costs and equipment, furnishings and fixture costs may not be refundable depending on the terms of the invoice or purchase agreement (Franchise Agreement Sections XII.H, XII.I and XX.H).

Note 3: You are encouraged to operate your Business out of your home, however you can choose to operate out of a location (such as: a small office, warehouse or industrial space). The low end of the estimate represents a home-based business, and the high end of this estimate represents leasing a small office, warehouse or industrial space of approximately 1,000 square feet at an average rent of $1.50 per square foot per month (approximately $18 per square foot annualized). We do not expect that you lease a retail space for your Business; however, if you do so, upon our approval, your real estate expenses will be significantly higher than the above estimate. Real estate costs depend on location, size, visibility, economic conditions, accessibility and competitive market conditions. Our estimate includes first month's rent and a security deposit. These sums do not include common area maintenance fees which (if applicable) will vary depending on your location or any sums for the purchase of real property, as we do not expect you to buy real property. These sums also do not include expenses for any leasehold improvements as we do not expect that you will need any leasehold improvements. If you choose to lease a small office, warehouse or industrial space and such space needs some type of leasehold improvements, then your costs may be higher than the estimate provided, which is estimated costs for just leasing a space. You may be able to reduce the expense for space if you are able to occupy a space in an existing location that complements another business without needing any leasehold improvements. Whether or not rent or lease payments are refundable depends on the terms and conditions of your rental agreement or lease agreement with your landlord (Franchise Agreement Sections XII.S, XII.T and XX.C).

Note 4: You must purchase products and supplies for the general operation of your Business as specified in the Operations Manual. You must purchase only approved products and supplies, and you must purchase such items that meet our specifications, which may change from time to time. The types of products and supplies include, but are not limited to: flashlights, brooms, various hand tools (such as: hammers, tape measures, vice grips, pliers, wrenches, sockets, screw drivers, etc.), supplies (such as: blades, staples, tape, etc.), rolls of plastic, shop towels, sprayers, buckets, general office supplies, cleaning supplies, first aid kit and personal protection equipment (such as: gloves, masks, vests, etc.) in addition to promotional materials (such as: brochures, flyers, door hangers, etc.), miscellaneous forms and other products or supplies as specified by us. The estimates provided for both the low and the high end represent purchasing all such products and supplies. Both estimates do not include any inventory of any type of insulation because it is expected that you will purchase the different types of insulation on an as needed per job basis. We will provide you with written lists of approved products and supplies after signing the Franchise Agreement. All products and supplies must be purchased through approved vendors and/or suppliers, except all marketing and promotional materials and miscellaneous forms must be purchased directly from us or our affiliate. Whether or not any of the products and supplies are refundable depends on the terms of your invoice or purchase agreement (Franchise Agreement Sections XII.I and XX.I).

Note 5: You must have either a reliable box truck that is white in color or a reliable pickup truck or sports utility vehicle that can tow a trailer ("Vehicle"). If you are using a pickup truck or a sports utility vehicle for your Business then you must also have an enclosed trailer that white in color ("Trailer"). The Vehicle and Trailer (you will need a Trailer only if you do not have a box truck) is necessary to perform estimates, travel to job sites and transport

insultation. You can use or purchase any type of used or new Vehicle or Trailer for your Business; however, we require that all Vehicles and Trailers meet our appearance standards. We will provide you with a written list of Vehicle and Trailer appearance standards after signing the Franchise Agreement. If you have a white box truck and an enclosed trailer, we do not expect that you will need to purchase a used or new Vehicle or Trailer for your Business, however you can choose to do so. The low end of the estimate is taking into account that you may be able to use your existing Vehicle and Trailer (the Trailer is only necessary if you do not have a box truck) so long as such Vehicle and Trailer meets our appearance standards. The high end of the estimate is an estimated down payment for either purchasing a new box truck with a down payment of $16,000 or purchasing a new pickup truck or sports utility vehicle at approximately $10,000 per Vehicle and also purchasing an enclosed trailer outright for approximately $6,000 per Trailer (which is not necessary if purchasing a box truck). Your costs for a new Vehicle or Trailer may be reduced if you choose to lease rather than purchase. The purchase agreement price will vary from dealer to dealer, and the terms of your loan, including the interest rate and term, may vary depending on your credit worthiness, changes in credit markets and other factors which are not under our control. We can't give you any guarantees or make any representations as to the terms, conditions or otherwise of any financing for your Vehicle or Trailer. You may elect to purchase additional Vehicles and Trailers (if applicable) to keep up with the growth of your Business. Whether or not payments made for the purchase of your Vehicle and Trailer (if applicable) are refundable depends on the terms and conditions offered by your dealer (Franchise Agreement Sections XII.H, XII.U and XX.H).

Note 6: You must place our approved graphics on your Vehicle and Trailer (the Trailer is only necessary if you do not have a box truck) and we will provide you with specifications for all such graphics after signing the Franchise Agreement. Whether or not payments made for vehicle and trailer graphics are refundable depends on the terms and conditions offered by the vendor (Franchise Agreement Sections XII.H, XII.U and XX.H).

Note 7: You must purchase and maintain an inventory of approved uniforms for the operation of your Business. All uniforms must meet our specifications, which may change from time to time. You will need a minimum inventory of red, black or grey t-shirts, polo shirts and hats for your technicians, sales persons and manager that incorporate our logo for your first month of operation. The number of t-shirts and hats you will need will vary depending upon the number of technicians you hire. The number of polo shirts you will need will vary depending upon the number of sales persons and managers you hire. You are required to purchase all t-shirts, polo shirts and hats from our approved vendors. This estimate does not include any setup fees or shipping costs which (if applicable) are your responsibility. Expenses for uniforms may not be refundable depending on the terms of your invoice or the purchase agreement (Franchise Agreement Sections XII.F, XII.I, XX.H and XX.I).

Note 8: This estimated amount represents your first month of pre-paid insurance premiums that does not take into account workers' compensation insurance which may vary greatly by state, payroll and classification. You must obtain and keep general liability insurance and product liability insurance with a minimum policy limit of $1,000,000 per occurrence and $2,000,000 aggregate or in amounts as we may require that reflect inflation, identification of new risks, changes in law or other relevant changes in circumstances. You must obtain property and casualty insurance that covers the assets of the Business, "All Risk" insurance coverage for property that is not included in other insurance policies, workers' compensation insurance as prescribed by law, employer liability insurance, business interruption insurance and automotive liability insurance with a minimum policy limit of $1,000,000 including uninsured motorist/minimum of $100,000 or what is in accordance with your state guidelines or an amount we reasonably specify. Due to varying factors that affect the cost of workers' compensation and auto insurance, the cost of workers' compensation and auto insurance is not included in this estimate. We may change insurance requirements on reasonable notice to you. Whether or not insurance premiums are refundable depend on the terms of your insurance policies. In general, the cost of insurance coverage will vary depending on the carrier's charges, terms of payment and your claims history (Franchise Agreement Section XIII).

You may need other insurance such as tenant's liability insurance, professional liability insurance (covers you for damages that you create that do not result in property or bodily injury), an umbrella liability policy (extended coverage for damages that result in injury, property damage and personal liability situations), employee dishonesty insurance and employment practices liability insurance are optional, however we may require you to obtain such

coverage in the future with liability limits of amounts we specify. We may change these insurance requirements on reasonable notice to you. There are no other insurance requirements. Whether or not any insurance premiums are refundable depends on the terms and conditions of your insurance policies.

Note 9: Competitive conditions described in Item 1 will affect these costs. Estimate includes minimum working capital for the start-up of your Business. This also includes estimates of miscellaneous start-up costs such as: rent for an additional two months (not applicable if operating out of your home and if you are leasing a small office, warehouse or industrial space, your first month's rent is included in the table above), purchasing additional equipment, products and supplies; printing setup expenses, shipping and delivery expenses, fuel expenses, Vehicle and Trailer maintenance, workers' compensation insurance payments, taxes, prepaid expenses, additional permits, legal fees, accounting fees and other miscellaneous costs.

Total Estimated Initial Investment. The total estimated initial investment is an estimate only of the range of start-up expenses you may incur. We relied on our principals' combined expertise when preparing these figures. We base this estimate on the costs that our affiliate incurred when opening their company-owned locations. The actual amount of funds you will need depends on a variety of factors, including: the time of year when you start your Business, if you choose to lease a space rather than operate home-based; supply chain disruptions, if you purchase additional equipment, products and supplies; if you purchase a used or new Vehicle, if you choose not use a box truck and need to purchase a new or used Trailer; number of employees you hire, prevailing wage rates, implementation of a marketing plan, your own management skill, economic and market conditions, competition in your area and other factors. The estimate of initial investment funds is based on an owner-operated business and either operating out of your home or out of a small office, warehouse or industrial space and does not include salaries or benefits for full-time employees. As your Business grows, you may choose to hire employees to carry out support service tasks.

Competitive conditions described in Item 1 will affect these costs. This estimate of startup costs is calculated for a period of one month (except as stated otherwise), with additional operating capital to be available as may be needed during the initial phase. These costs do not include your Royalty Fee payments and System Brand Fee payments, which begin immediately once your Business is deemed open for operation (as described in Item 6). Royalty Fee and System Brand Fee payments should be included in your projections of overall operations costs beginning with your first month of operation. We acknowledge that you may choose to invest additional funds into your Business during the first three months of operation, and sometimes longer, but we cannot estimate or promise when, or whether, you will achieve positive cash flow or profits. You should review the figures carefully with a business advisor and identify your individual expenses along with cash flow projections before making any decision to buy the franchise.

We do not offer financing, directly or indirectly, for any part of the initial investment for a Franchise. The availability and terms of third-party financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and the lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligation, or your living expenses. You should have sufficient capital or other means to pay for your living expenses for at least twelve months.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We may offer or designate others to offer equipment, products, supplies or services and we may become approved suppliers or the only approved supplier(s) for these and other products and services. The equipment, products, supplies or services you will need includes: equipment (such as: scaffolding, one foam gun and different size ladders, etc. as described in Item 7), furnishings and fixtures, technology items (such as computers, laptops, tablets, printers, modems, etc.), products (such as: different types of insulation, flashlights, brooms, various hand tools, etc. as described in Item 7), supplies (such as: blades, staples, tape, rolls of plastic, shop towels, sprayers, buckets, general office supplies, etc. as described in Item 7), software, uniforms, Vehicle and Trailer (including graphics), promotional merchandise, marketing materials and printed advertising materials, software providers,

merchant service providers, shows and event marketing opportunities and vendor, co-branding and affinity programs. You cannot purchase unapproved equipment, products, supplies and services from any vendors and/or suppliers (including manufacturers) that are not on our pre-approved list without our written permission. We will provide you with: a written list of approved equipment, products and supplies you can use and products you can offer for sale as part of services in your Business (and if we authorize you to retail sell products in the future); recommended procedures and strategies when purchasing such items for your Business; and a written list of approved vendors and/or suppliers to purchase equipment, products, supplies and services from during our initial training program. Currently we are not the only approved supplier of any equipment, products or supplies that you are required to use for the operation of your Business; however, you will be required to purchase all advertising, marketing and promotional materials and miscellaneous forms from us or our affiliate. As of the effective date of this Disclosure Document, all updates to such promotional and marketing materials are optional, but we may in the future mandate that you purchase certain updates at your expense. We do not require you to maintain a specified inventory of equipment, products or supplies to operate your Business, although we retain our rights to do so in the future. If we develop proprietary products, equipment or software in the future, you must purchase such items from our approved suppliers, affiliates or us. We may become approved suppliers or the only approved supplier(s) for other equipment, products, supplies and services. We have negotiated purchase agreements with vendors on the approved suppliers list for your benefit in the areas of cost and customer support. There are no supply contracts at this time. None of our officers or directors owns any interest in any vendor or supplier other than us.

You are required to adhere to the standards and specifications established periodically by us with respect to your Business, equipment, products and services used, sold and offered; our proprietary service guarantee program; operational procedures, level of service standards, uniforms, your web page, Vehicle and Trailer appearance standards (including Vehicle and Trailer graphics), advertising, vendors, and suppliers used in the operation of your Business. You must operate the Business in strict conformity with the methods, standards and specifications that we prescribe in the Operations Manual or otherwise in writing. You must maintain in sufficient supply, use, sell and offer at all times only the equipment, products and services that meet our standards and specifications, which may be amended by us periodically. All equipment, products and services must be purchased, used, sold and offered in accordance with the standards and specifications as designated in the Operations Manual or other written materials. You must not deviate from these standards and specifications by offering non-conforming services or by the use of non-conforming equipment, products, supplies or services, without obtaining our prior written consent. You are not permitted to: use any equipment, products, supplies or services of an unapproved vendor; purchase equipment, products and supplies from an unapproved supplier; or offer any services and/or sell any products other than products as part of service (and retail products, if we authorize you to sell products in the future) not approved by us, unless you first submit a written request to us for approval and agree to be responsible for all product, vendor and equipment testing fees as described in Item 6. We will use our best efforts to advise you within 30 days either by email or any other form of written communication whether such equipment, products, supplies, vendors or suppliers are approved as further described in Item 8 below.

We base our specifications for equipment, products, supplies, vendor and supplier approvals on our discretionary determination of demand, relevance to the System, price, value, quality, reliability, accuracy of product claims, safety, installation requirements, warranty, prompt attention to complaints, financial stability, litigation against supplier, recall history, reputation, frequency of delivery, appearance and contributions or other benefits to us and/or any marketing fund. A list of approved vendors and suppliers from whom all equipment, products, supplies and services may be purchased will be provided to you and may be amended by us periodically. We may require vendors and/or suppliers to provide certain information, sign a nondisclosure agreement and agree to guarantee our level of quality and produce sufficient samples to allow us to test the sample at your expense. We may require you to submit to us photographs, drawings or other information and samples sufficient for us to determine whether the items meet our specifications. We may require third party testing, in which case you will pay the actual cost of the tests in addition to the product, vendor and equipment assessment fee as described in Item 6. We may issue specifications in manuals or directives, in writing or orally, and we may modify them at any time. Our response to a request to approve equipment, products, supplies, vendors and/or suppliers will be made within 30 days after we

receive it in writing or by email. Approval may be revoked in our sole discretion where an approved piece of equipment, product, supply, vendor or supplier does not adhere to the specifications described above. We will notify you either by email or any other form of written communication of our approval, disapproval of or revocation of any prior approval of any product, supply, equipment, vendor or supplier.

You must use, offer, sell and perform only the equipment, products and services (including our service guarantee program) that we specify in writing, which may be amended or modified by us periodically. If any product, piece of equipment, service, vendor or supplier is not authorized by us, you are prohibited from using, offering or selling it in your Business. You are not required to maintain any minimum inventory of products or equipment in your Business. If we require you to maintain a minimum inventory of products or equipment, we will notify you by email or any other form of written communication and you will be given ninety (90) days to comply with such requirements at your cost. We will provide you with a written list of: approved equipment, products and services you are authorized to use, offer, sell and perform in your Business after signing the Franchise Agreement and during the initial training program. We will enforce these limitations by using "secret shoppers" or unannounced on-site visits to your Business on a regular basis. When we make visits to your Business, such as to assist you, we may also take that opportunity to visibly inspect your inventory and determine if unauthorized equipment or products are being used or sold. In addition, we expect to receive information from other North Central Insulation™ businesses or customers reporting that unauthorized services are being offered and/or performed and unauthorized equipment or products are being used or sold in your Business. You must permit us or our agents, at any reasonable time, to remove any product or piece of equipment from your Business free of charge for testing by us or by an independent laboratory, to determine whether such items meet our then-current standards and specifications. Besides any other remedies we may have, we may require you to pay for the testing, as described above, if we have not previously approved the supplier of the item or if the product or piece of equipment fails to conform to our specifications. We reserve the right to take whatever action we deem necessary in our absolute and sole discretion to prevent you from using, offering, selling or performing unauthorized equipment, products, supplies or services, including seeking injunctive relief or terminating your Franchise Agreement.

We may derive profit through markups of the prices charged to you for equipment, products, supplies or services (as described above) we supply. We may derive revenue through license fees, commissions, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and suppliers. We do not know the precise basis of these payments because we have never previously collected them. Nor do we know the actual percentage of our total revenues that such payments will amount to, as we have never previously collected such payments. If we require you to buy such items from us, we believe that the price and quality will be comparable to similar equipment and products from other sources. We may take a portion of that revenue to spend on advertising or place it in a separate franchisee advertising account. If we require you to buy equipment, products, supplies or services from a vendor that pays such allowances, we may spend all such fees on related advertising or place them in the separate franchisee advertising account, described in Item 11 below. No such revenues were received from required purchases made by franchisees in the prior fiscal year.

To maintain uniform quality standards, all equipment, products, services, Vehicle, Trailer (including graphics), signage (if operating out of a location and you choose to have signage for the exterior of your Business), advertising, trademark usage, trade dress, dress code and other products and services you use to operate the Franchised Business must meet our standards and specifications as set forth in our Operations Manual. In addition, you must participate in and cooperate with promotional programs, our proprietary service guarantee program, any rewards or loyalty programs, gift certificate or gift card programs we may establish and follow our requirements and guidelines. We will require you to use specific software, operational forms, contracts, checklists, and promotional items; and we may require you to use or contribute to specific software providers, merchant service providers, promotional items, vendor discounts, allowances and rebates.

If you choose to operate out of a location, we may provide specifications for the construction, build out and leasehold improvements of your Business. Regardless of how you operate your Business we maintain specifications

for Vehicle and Trailer graphics. If you choose to operate out of a location, you may not install or permit to be installed on the Business premises any décor, signage, games, vending machines or other items without our written consent or that do not comply with our specifications. These specifications may include minimum standards for quality, performance, delivery, safety, durability, appearance, size, color, design, material and other characteristics. Some of these specifications are contained in our Operations Manual and others will be set forth in periodic written notices to our franchisees. In some cases, our specifications may involve confidential and proprietary information, and such specifications will only be made available to a supplier who agrees to sign a confidentiality agreement with us. We develop these specifications either through our research and development staff or with a particular manufacturer and these specifications may be modified periodically, through written notices to our franchisees.

Our primary methods of communication with franchisees are through email, announcements and/or newsletters we may periodically publish and an intranet system we may provide to franchisees on our website. You are responsible for knowing all of the information contained in the emails, announcements and/or newsletters and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of your Business through our announcements or newsletters and intranet system.

All marketing and promotion of your Franchise by you in any medium must be conducted in a professional and dignified manner and must conform to our specified standards and requirements that we prescribe in our Operations Manual. You must submit samples of all advertising or promotional plans and materials (including photographs and videos) that you desire to use to us for approval if such has not been prepared or previously approved by us. You may not use any marketing or promotional materials (including photographs of jobs or video presentations) that we have not approved or that we have disapproved. This includes any media or website promotion over the Internet to promote your Business. You must submit a request to us for any type of media, website and/or Internet promotion you wish to do in addition to any edits, changes or updates to your website. Internet promotions, edits, changes or updates to your web page must be done by us, our affiliates, or approved vendors with our consent. We will charge a fee for this approval (as described in Item 6). Upon approval of your request, you may be responsible for any web page maintenance cost. Our response to your request for such advertising or promotional plans and materials (including video presentations) and Internet promotions, edits, changes or updates to your web page will be made within 30 days after we receive it. We will notify you by email or any other form of written communication of our approval or disapproval. In addition, you must not conduct any advertising without our written permission, in any social media such as Yelp, X (formally known as Twitter), Facebook, Instagram, LinkedIn, Pinterest and others (currently franchisees are authorized to participate on Facebook). You must also supervise your employees to ensure they do not post any material on the Social Media sites or any internet sites, regarding us or the Franchise System whatsoever. We will provide you with our written standards and guidelines for using social networking sites during the initial franchise training program.

You must have and/or purchase technology items, equipment, furnishings and fixtures, products, supplies, uniforms, a Vehicle, a Trailer (only necessary if you do not have a box truck) in addition to Vehicle and Trailer graphics for the operation of your Business. If you operate out of your home, we expect you to be able to use your existing technology items, furnishings and fixtures. You may also be able to use your existing Vehicle and Trailer so long as such Vehicle is white and your Vehicle and Trailer meets our Vehicle appearance standards; otherwise, you will need to purchase or lease a new or used Vehicle and Trailer for your Business. We will provide you with a written list of Vehicle and Trailer appearance standards (including Vehicle graphic specifications) after signing the Franchise Agreement. Vehicle and Trailer appearance standards are outlined in the Operations Manual and are based on our sole judgment and discretion based on the experience of our company-owned business. Failure to adhere to our Vehicle and Trailer appearance and graphic standards may put you in default under your Franchise Agreement. It is estimated that all your initial expenditures from us, our affiliates or the vendors that we specify and/or approve that meet our standards and specifications will be approximately 10%-20% of your total initial investment, depending on whether you choose to use your own or purchase a Vehicle and Trailer. During the operation of the Franchised Business, required purchases for equipment, products and services from us, our affiliates, or the vendors that we

specify and approve (not including royalties or labor costs) are estimated to represent approximately 60%-80% of your total monthly purchases in the continuing operation of your Business (depends on the number of jobs you perform).

We do not provide material benefits (for example renewal or additional franchises) to you based solely on your use of designated or approved sources. We do not belong or require you to belong to any purchasing or distribution cooperatives, although we retain the right to establish them and require your membership therein.

If you choose to open a location for your franchise under a lease, per the Franchise Agreement, you must submit the proposed lease to us for approval before it is signed. We have the option to require that the lease (i) be collaterally assigned to us by a collateral assignment agreement in a form and substance reasonably acceptable to us (the current form is set forth as Schedule 7 to the Franchise Agreement) in order to secure performance of your liabilities and obligations to us or (ii) contain the following terms and conditions:

1. The lessor must agree that without its further consent, the lease and your right, title and interest under the lease may be assigned by you to our designee or us (provided such assignment shall not relieve you of your obligations under the lease or cause us or our designee to have any obligations or liability under the lease).

2. The lessor must provide written notice to us (at the same time it gives such notice to you) of any default by you under the lease, and we must have, after the expiration of the period during which you may cure such default, an additional 15 days to cure, at our sole option, any such default and, upon the curing of such default, the right to enter upon the leased premises and assume your rights under the lease as if the lease had been assigned by you to us.

3. You are required to furnish copies of all insurance policies required by the Franchise Agreement and by the lease to us, or such other evidence of insurance coverage and payment of premiums as we request or permit or under the lease.

Before you open a North Central Insulation™ for business, you must obtain the insurance coverage for the Business as specified below. The insurance coverage must be maintained during the term of the Franchise Agreement and you must provide evidence of insurance to us that insurance has been obtained from a responsible carrier or carriers acceptable to us;

1. Comprehensive General Liability Insurance, that includes broad form contractual liability, broad form property insurance, personal injury, advertising injury, completed operations and fire damage coverage, in the amount of $1,000,000 per occurrence and $2,000,000 aggregate;

2. Property and casualty insurance that covers you for damages or losses to the Business with a minimum policy limit of $1,000,000 per occurrence or an amount we reasonable specify;

3. “All Risks” coverage for the full cost of replacement of the Business premises (that includes coverage for owned and rented equipment) and all other property in which we may have an interest with no coinsurance clause;

4. Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $1,000,000 for hired and non-owned coverage including uninsured motorist with a minimum of $100,000 limit or what is in accordance with your state guidelines;

5. Employer liability insurance that covers you and your Business against claims made by employees for work-related bodily injury or disease, other than liability imposed on you and your Business by workers’ compensation law;

6. Workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement;

7. Business Interruption insurance in such amount as will reimburse you for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners (including lost Royalty Fees, System Brand Fees and other fees due to us and/or our affiliates), or attributable to prevention of access to the Business, with coverage for a period of interruption of 180 days and such longer period as we may specify periodically. Business interruption insurance is required with liability limits of amounts we may reasonably specify which will relate to the right to be reimbursed for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners;

8. Product Liability Insurance (optional) that covers you for damages that result in injury from products that you distribute with a minimum policy limit of $1,000,000 per occurrence and $2,000,000 aggregate or an amount we reasonably specify;

9. Professional Liability Insurance (optional) that covers you for damages that you create that do not result in property or bodily injury with a minimum policy limit of $1,000,000 per occurrence and $2,000,000 aggregate or an amount we reasonably specify;

10. Crime insurance (optional) for employee dishonesty in the amount of $10,000 combined single limit;

11. Employment practices liability insurance (optional) that covers you and your Business against claims made by employees, former employees or future employees for discrimination, wrongful termination, sexual harassment, and other employment related obligations;

12. Tenant’s liability insurance;

13. Any other Insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and

14. Other insurance coverage, as we, your state or local government, or the landlord may reasonably require.

With regard to any construction, renovation, or remodeling of the Business (if applicable), you may be required to maintain builder’s risk insurance and performance and completion bonds in forms and amounts and written by a carrier or carriers satisfactory to us. All of the policies must name us and our affiliates, as additional insured and must include a waiver of subrogation in favor of all those parties.

All insurance coverage shall be taken out in your name and shall name us an additional insured and be placed with insurers designated by us or acceptable by us. You must furnish us with certified copies of each of the insurance policies described above either prior to attending our initial training program, the date your Business is deemed open for operation or no later than 60 days following the date that the Franchise Agreement is executed (whichever comes first). You must purchase “A” rating insurance policies. Each such policy shall provide that it cannot be canceled without 30 days’ prior written notice to us and that we shall receive at least 30 days’ prior written notice of its expiration or possible earlier termination. You shall promptly refer all claims or potential claims against you or us to each of us and our insurer.

The cost of insurance purchased in accordance with our specifications will represent less than 2% of your total investment in connection with the establishment of your Business and approximately 1% of your total purchases in the continuing operation of your Business. These percentages do not include workers’ compensation insurance that will vary with the payroll amount and category of employees.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections XII.S, XII.T and XX.C of Franchise Agreement	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Sections VIII, IX.B, and XII.S of Franchise Agreement	Items 7 and 8
(c) Site development and other pre-opening requirements	Sections VIII, X.E, XII.T, and XX.C of Franchise Agreement	Items 6, 7, 11
(d) Initial and ongoing training	Section XX.A of Franchise Agreement	Item 11
(e) Opening	Sections IX.B, and XII.G of Franchise Agreement	Item 11
(f) Fees	Sections IX and X of Franchise Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies (Operations Manual)	Sections XII.A and XII.H of Franchise Agreement	Items 8, 11 and 16
(h) Trademarks and proprietary information	Sections XV and XVI of Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Section XII.I of Franchise Agreement	Items 8 and 16
(j) Warranty and customer service requirements	Section XII.H of Franchise Agreement	Items 8 and 16
(k) Territory development and sales quotas	Section VI of Franchise Agreement	Item 12
(l) On-going product/services purchases	Section XII.I of Franchise Agreement	Item 8
(m) Maintenance, appearance, and remodeling requirements	Sections XII.E and XII J of Franchise Agreement	Item 11
(n) Insurance	Section XIII of Franchise Agreement	Items 6 and 7
(o) Advertising	Sections X.B, X.C, XII.I, XII.L and XX.J of Franchise Agreement	Items 6, 7, and 11
(p) Indemnification	Section XVIII of Franchise Agreement	Item 6
(q) Owner's participation/management/staffing	Sections XII.F and XII.K of Franchise Agreement	Items 11 and 15

(r) Records/reports	Section XIV of Franchise Agreement	Items 6 and 11
(s) Inspections/audits	Sections XII.Q and XIV.B of Franchise Agreement	Items 6 and 11
(t) Transfer	Section XXII of Franchise Agreement	Items 6 and 17
(u) Renewal	Section VII.B of Franchise Agreement	Items 6 and 17
(v) Post-termination obligations	Section XXIV of Franchise Agreement	Item 17
(w) Non-competition covenants	Sections XIX.C, XIX.D, and XIX.E of Franchise Agreement	Item 17
(x) Dispute resolution	Sections XXV.C and XXV.D of Franchise Agreement	Item 17

ITEM 10
FINANCING

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

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

Except as listed below, we need not provide any assistance to you under the Franchise Agreement.

Before you open your Business, we will:

(1) If you and we have not already agreed upon a site for your Business operations that meets our requirements, we may provide you with assistance in locating a site. Whether you choose to operate the Business out of your home or if you choose to open a location (such as a small office, warehouse, or industrial space), you must select the site of your Business within the Territory provided in the Franchise Agreement. We do not generally own the site and lease it back to you; however, we retain the rights to do so in the future. We must accept the site if we feel in our sole discretion that it meets or exceeds our standards, but our acceptance does not ensure that your Business will be profitable at the approved location. The factors that we consider in acceptance of the site include: population density, location, cost, freeway access, neighborhood and physical characteristics of the premises such as size, configuration, and layout. We evaluate each proposed site and accept or reject each one on a case-by-case basis and will notify you by email or any other form of written communication of our acceptance or rejection of any proposed site within 30 days after we receive your request (Franchise Agreement, Sections XII.S and XX.C).

Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Business will be profitable or successful by being located at the approved site. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.

(2) Insert the accepted site on your Franchise Agreement. However, the acceptance of a location and entering it on your Franchise Agreement by us is conditioned upon our determination, in our reasonable judgment, that:

(i) The site which you have submitted for the Business is within your allocated Territory (as defined in Item 12) and is suitable based on criteria we establish periodically; and

(ii) You and your Owners are in compliance with the Franchise Agreement.

(3) Approve your execution of the lease for your Business, if applicable. You must submit the lease to us for our approval at least ten days before you sign the lease agreement. You must send us a signed copy of the lease within five days of both parties signing the lease. We do not offer legal services to you and you should consult your independent legal counsel for a legal review of the lease. The Franchise Agreement does not provide any time period for our approval or disapproval of your lease (Franchise Agreement, Sections XII.S and XX.C).

(4) Offer you guidance when obtaining licenses, certifications and applying for permits and registrations if required by your locality to operate the Business. It is your responsibility to comply with all laws, ordinances and regulations as you are ultimately responsible for obtaining all necessary approvals, certifications, licenses, permits and registrations to operate your Business (Franchise Agreement, Sections XII.C, XII.T and XX.A).

(5) If you choose to lease a space for your Business, we will inform you of any mandated specifications, architectural and design plans, signage (if you choose to have signage for the exterior of your Business), décor, designs and layouts for the Business at the accepted location. We may provide you with suggested plans and guidelines for the layout and design of your Business and you may need to hire an architect to create a complete set of drawings based on your building size and local permitting requirements. You will be required to conform your site to local zoning ordinances, regulations, fire, health and building codes. We may, if needed, review your final set of drawings. It is your responsibility to comply with all laws, ordinances, regulations, zoning and building codes for your Business (Franchise Agreement, Sections XII.T and XX.D).

(6) Provide you with a written list of Vehicle and Trailer appearance standards (which include our Vehicle graphic specifications). You are responsible for the cost of the Vehicle and Trailer and the purchase, installation and cost of all graphics. We do not install any graphics on your Vehicles or Trailers (Franchise Agreement, Sections XII.H, XII.I, XII.U, XX.A and XX.H).

(7) Provide you with: a written list of approved equipment, products and services (including details about our service guarantee program) you are authorized to use, offer, sell and perform (as described in Item 8); a written list of approved vendors and suppliers to purchase equipment, products, supplies and services from. We will also train you on strategies for purchasing and using such items for the operation of your Business. You are responsible for the cost, delivery, installation and maintenance of these items as they are necessary for the operation of your Business. You are required to purchase all items listed above either from us, our affiliates and/or our approved vendors (Franchise Agreement, Sections XII.H, XII.I, XX.A, XX.H, and XX.I).

(8) Provide you with specifications for all equipment and technology items (as described in Item 8) necessary to operate the Business. You are obligated to purchase, use and upgrade all equipment, technology items and any third-party software necessary for the operation of your Business. We will deliver the specifications, but not the above items, and you are responsible for purchasing and installing these items (Franchise Agreement Sections XII.I, XX.A and XX.H).

(9) Provide you with all recommended guidelines when hiring employees and independent contractors (if you choose to hire independent contractors). You are responsible for all day-to-day activities, including hiring, training, disciplining and/or firing your employees and independent contractors. At no time will you, your employees, independent contractors or agents be deemed an employee of

ours. You are responsible for all employees and independent contractors you hire, determining their compensation, benefits, tax withholding, social security contribution withholding, Medicare withholding, and their behavior during the operation of your Business (Franchise Agreement, Sections XII.F, XX.A and XX.E).

(10) Offer certain training programs designed to assist you, any Owner or manager of your Business. We may provide continuing education to you, any Owner or manager of your Business. We may also require that you, any Owner or manager(s) complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Section XX.A).

(11) Provide you with a self-study program (and related materials) immediately after executing the Franchise Agreement intended to help you prepare for our initial training program. Provide an initial training program within sixty days after signing the Franchise Agreement, prior to your Business is deemed opened for operation (as defined in Item 6), designated to assist you and your manager in the operation of your Business, at no additional charge. We will provide this initial training only after you have obtained or have hired (partnered with) someone who has either an insulation and acoustical contractor's license, general contractor's license or has obtained whatever necessary licenses or certifications are required by your state to operate your Business, if applicable and as described in Item 1. The initial training program is designated for a maximum of three people per Franchise. If more than three people attend the training, we may impose a training fee of $250 per person for each day of training (Franchise Agreement, Sections XII.V and XX.A).

(12) Advise you of operating challenges faced by other North Central Insulation™ franchised or company-owned businesses disclosed by reports submitted to us or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your Franchise, as we deem appropriate. Such guidance and advice will include: estimating and secure jobs; how to execute services and specific techniques installing insulation; suggested pricing for services, using equipment while performing services, efficiencies to manage high volume, level of service standards, guidelines for hiring employees and independent contractors (if you choose to hire independent contractors) and operating procedures utilized by other franchises or company-owned businesses including new equipment, products and services; advertising, marketing and promotional strategies; record keeping, accounting methods and general operating procedures. Additional guidance and assistance may be made available to you at your written request and in our sole discretion at fees and charges established by us (Franchise Agreement, Sections XX.A, XX.E, XX.J, and XX.K).

(13) Loan to you during the term of the Franchise Agreement one copy of our confidential Operations Manual, which may include one or more Manuals and other written materials for the operation of a North Central Insulation™ Business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We have the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized equipment, products and services you can use, sell, and offer as well as changes in equipment, specifications, standards, and operating procedures of a North Central Insulation™ business. You must keep the Operations Manual confidential and current and may not copy any part of the Operations Manual. The Operations Manual contains 175 pages and the table of contents of the Operations Manual as of our last fiscal year end is included with this Disclosure Document as Exhibit E (Franchise Agreement, Section XX.G).

(14) Approve or disapprove samples of all local advertising, marketing and promotional materials not prepared or previously approved by us which are submitted by you (Franchise Agreement, Sections XII.H, XII.L and XX.J).

(15) Deliver to you a web page for your Franchise operations that may include portals online for additional training, ongoing news bulletins and templates for advertising materials to support your Business (Franchise Agreement, Sections IX.A and XX.B).

(16) Approve or disapprove any promotions, edits, changes or updates to your web page. All modifications to your web page must be performed by us, our affiliates, or approved vendors, and you will be responsible for all related costs (Franchise Agreement Sections X.E,VI, XII.L and XX.B).

(17) Provide you with a startup kit (as described in Item 7) during our initial training program at no additional cost incurred by you (Franchise Agreement Sections IX.A, XX.A and XX.B).

(18) Provide up to four days of sales, marketing and operational assistance and guidance to you and your staff at your Business location. Such assistance will be provided to you as part of our initial training program and at our cost (Franchise Agreement, Section XX.A).

During your operation of the Business, we may:

(1) Provide additional on-site supervision and assistance as we deem necessary and in our discretion. Additional visits are for the purpose of advising you with respect to our service standards, equipment, products, operational and sales matters related to a North Central Insulation™ Business. You will be responsible for the transportation, room and board and miscellaneous expenses incurred by our personnel during the visits, which will take place per the terms of the Franchise Agreement, or at your request, and at times and dates selected by us (Franchise Agreement, Section XX.A).

(2) Provide to you and your personnel, North Central Insulation™ Franchise continuing education meetings at locations designated by us, which we expect to be at our headquarters with a fee not to exceed $250 per person per day plus your expenses which can vary from area to area. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria (Franchise Agreement, Section XX.A).

(3) Conduct quarterly meetings or an annual convention at such place as shall be designated by us (Franchise Agreement, Section XX.A).

(4) Establish a franchisee elected peer group whose main purpose is to mentor and support each other.

(5) Provide to you an intranet system, free of charge, to answer questions from you or your staff (during regular business hours, Eastern Time Zone). In addition, you will be able to send us questions and suggestions using Internet email (Franchise Agreement, Sections XII.H and XX.A).

During your operation of the Business we will:

(1) Continue to consult with you at no additional charge regarding: equipment and product specifications in addition to approved equipment, products and services you are authorized to use, purchase and sell; sales and marking strategies, methods and techniques; level of service standards, industry developments, advertising, marketing and promotional programs. We will offer assistance, advice, guidance, and experience to you to resolve operational problems that you may encounter outside the scope of the Operations Manual (Franchise Agreement, Sections XII.W and XX.A).

(2) Provide you with updated and approved lists of: equipment, products and services (including updates to our service guarantee program) that you are authorized to use, offer, sell and perform in your Business (as described in Item 8); approved vendors and suppliers that you are allowed to use to

purchase such items from; and Vehicle and Trailer appearance standards (including Vehicle graphic specifications). We will provide you with such standards, specifications, and guidelines, but not the actual items as you are responsible for purchasing these items. We will continue to review and approve or disapprove any piece of equipment, product, supply, service, vendor or supplier you wish to use, offer, sell, or perform in the operation of your Business (Franchise Agreement, Sections XII.H, XII.I, XX.H and XX.I).

(3) Provide you with a list of updated minimum inventory requirements (currently not in effect) and suggested rates and prices for services and products that are part of service (and retail products if we authorize you to sell products in the future). We will establish minimum and maximum rates and/or prices you can charge to the extent allowed by law. We will continue to research new products and services for the System as we deem necessary (Franchise Agreement Section XX.K).

(4) Provide a dedicated phone number for our franchisees, to answer questions from you or your management (during regular business hours Eastern Time Zone). You will be able to contact us for questions, suggestions, and guidance (Franchise Agreement, Sections VII.W and XX.A).

(5) Review and approve all advertising, marketing and promotional materials in addition to any promotions, edits, changes or updates to your web page that you submit to us (Franchise Agreement, Sections XII.H, XII.I, XII.L, VII.W, XX.B and XX.J).

(6) Provide continuing education to you, any Owner and/or manager of your Business as noted in paragraph 13 (iv) below. We may also require that you, any Owner or manager(s) complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Sections XII.W and XX.A).

(7) Offer assistance in establishing and using administrative, record keeping and accounting procedures in accordance with our Operations Manual and various policies communicated by us to you in writing from time to time (Franchise Agreement, Sections XIV.A and XX.A).

(8) Provide you with all update and upgrade requirements for your technology items (as described in Item 8) and related software in response to changes in the Operations Manual or changes in our policies that are communicated to you in writing. You are required to purchase such items to operate your Business. The cost for such items is approximately $4,500 to $6,200 (see Item 7). We estimate that the annual cost of technology items and related software and/or hardware upgrades to be approximately $200 per year. If we develop proprietary software in the future, we will provide you with update and upgrade requirements; however, we are not obligated to provide any upgrades to any third-party software programs. We are not obligated to provide maintenance or repairs to any technology item, hardware, or software that you use in the operation of your Business. We do not install any software that you purchase or license. We reserve the right to have independent access to all information that you store in any computer, laptop, tablet or software used for the Business, and there are no contractual limits to our rights to such access (Franchise Agreement, Sections XII.H, XII.I, XX.A and XX.H).

(9) Reserve the right at our discretion to institute, maintain, and administer a System Brand Fund (referred to as the "Fund" or "System Brand Fund") to support ongoing technology and new equipment, product or service development to be made available to franchisees, and such national advertising (including media production costs) as we, in our sole discretion, may deem appropriate to promote the North Central Insulation™ name to benefit all franchised businesses as described in Item 6. We do not use any monies in the Fund to solicit new franchisees. We will direct all such programs and will have sole discretion over the creative concepts, materials and endorsements and media used in such programs, and the placement or allocation of such programs. The source of the

advertising will come from our in-house advertising department or may in the future come from a national or local advertising agency. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. The advertising programs may be national, regional, or local at our sole discretion. We are not obligated to spend a specific dollar amount on advertising in your territory (Franchise Agreement, Section X.B).

(i) You will pay us ½ % of Gross Revenues or a flat fee of $200 (whichever is greater) per calendar month for the System Brand Fee contribution, paid to us, as designated in the Franchise Agreement. We may raise, discontinue or reduce the contribution, but your total contribution will not exceed 3% of your Gross Revenue and/or an increase to the flat minimum fee of more than $1,200 per month during the entire the term of the Franchise Agreement. In addition, increase to contributions will not exceed 1% per month per calendar year and will not exceed $400 to the flat minimum per month per calendar year with a 90 day advance written notice to you of any such increase. Contributions are due by the fifth day of the month (for the prior month) which will start immediately once your Business is open for operation, then continues for the term of your Franchise Agreement (as described in Item 6); however, we will pro-rate your flat System Brand Fee requirement for your first month based on when your Business is deemed open for operation. Refer to Item 6 for the definition of Gross Revenue and when your Business is deemed open for operation.

(ii) The contributions to the Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including conducting evaluation of new equipment, services, technologies, product development, market research, media production costs, preparing advertising, promotion and marketing materials, and collecting and accounting for contributions to the Fund. Usage of the Fund will include ongoing development of the national website and development of new equipment, products, supplies and services to be made available to franchisees. The media in which advertisements may be disseminated include print ads, signs, billboards, internet, radio, and television and may be conducted on a regional or national basis. We may spend on behalf of the Fund, in any fiscal year an amount greater or lesser than the aggregate contribution of all North Central Insulation™ franchises in that year, and the Fund may borrow from us or others to cover deficits; or invest any surplus for future use.

(iii) In the future, we may form a franchisee-elected Franchisee Advisory Council or cooperative whose sole purpose is to advise on Fund usage and advertising policies. We retain all operational and decision-making authority concerning advertising and the Franchisee Advisory Council will serve only in an advisory capacity. The membership of any Franchisee Advisory Council will be national in scope. The Franchisee Advisory Council will not be separately incorporated and, therefore, it will not have any written documents. If one is formed, we will have the power to select and approve the members and to form, change, dissolve or merge the Franchisee Advisory Council as described below.

(iv) Neither we nor any Franchisee Advisory Council undertake any obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Fund by franchisees operating in such geographic area or that you or your Business will benefit directly or in proportion to your contribution to the Fund. Neither the Fund nor we shall be liable to you with respect to the maintenance, direction, or administration of the Fund, including without limitation, with respect to contributions, expenditures, investments, or borrowings, except for acts constituting willful misconduct.

When the Fund is established and activated, all North Central Insulation™ businesses owned by us, or any Owners must contribute to the Fund in the same proportion as all franchisees.

(v) Any businesses we own will vote in the same manner as franchisee members. We administer the Fund, which is not audited. If contributions paid into the Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. All interest earned on monies contributed to the Fund may be used to pay advertising and technology development costs before other assets of the Fund are expended. Fund contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Fund and furnish it to you upon written request. All financial statements will be available 120 days after the end of our fiscal year. We reserve the right not to spend all of the funds in the Fund in any one year and such funds may be accrued into the next year. The Fund has not been established before the date of this Disclosure Document.

(vi) We expect to receive advertising and promotional allowances and fees from third party vendors and advertisers who enter into cooperative advertising programs with franchisees and us. For example, suppliers may pay promotional allowances for joint advertising and promotional materials. We may disclose the identity of vendors who pay the promotional allowances to you upon request. In addition, if we require you to buy items from a vendor who pays these allowances, we may place the funds in the Fund or spend it on related promotions. Our obligation to provide advertising and marketing will be limited in cost to the amount of contributions and promotional allowances from third parties actually paid into the Fund.

(10) We do not now, but may require you to join, participate in and pay into, one or more franchisee marketing councils for your region, determined by the penetration area of local advertising media used (for example, the area of a regional newspaper's circulation). Because we have not yet formed any franchisee marketing councils, we do not know how the area or the membership of any franchisee marketing council will be determined. Because we have not formed any franchisee marketing councils, we have not determined whether or not any of our company-owned businesses will be contributing to any advertising spent by any franchisee marketing council. In the event that we choose to establish a franchisee marketing council, we will be responsible for administering it. If we do create any franchisee marketing councils, they must operate in accordance with bylaws (or an operating agreement if it is a limited liability company). If we do create any franchisee marketing councils, the franchisee marketing council will prepare annual unaudited financial statements that you can review. We will have the right to form, dissolve, and merge any specific franchisee marketing council. Even though we have not yet formed any franchisee marketing councils, we may require that all franchisees within close proximity to a home show, consumer show, convention or exhibition where services and products are being sold to participate in the cost and benefit of the event.

(11) You are not required to spend any minimum amount each month on local advertising and promotion for your Business.

You will not use any independent advertising or sales promotion programs in any media (including electronic) without our prior review and written approval. We will approve the materials you submit to us within 30 days, if we do not respond within such period all such materials will be deemed automatically disapproved. You will make reasonable efforts to participate in and cooperate with all advertising programs selected by us or by any approved group of franchisees, except that you need not follow or maintain any sales price or suggested pricing. You are responsible for any expenses of this independent advertising.

Unless we approve otherwise in writing, you may not establish a separate Website, and you will only have one Website, as we designate and approve, within our website. The term "Website" includes: anything on the Internet as well as other electronic sites (such as business citations, Google and Bing business listings, social networking sites like Facebook, Instagram, X, LinkedIn, Pinterest, Yelp, blogs, and other applications). You must provide us with all login and password information for all Websites and acknowledge that we have the right to monitor, remove, edit and delete any content (including posts) as we consider appropriate. You must comply with our requirements regarding selling, advertising, discussing or disseminating any information, or otherwise having a presence on a Website, regarding the Business. However, if we approve a separate Website for you (currently franchisees are authorized to participate on Facebook), we will provide you with guidelines for establishing and maintaining such Websites and each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work (except for social networking sites) must be performed by us, our affiliates or approved vendors (as described in Item 8); (iii) you must not use or modify a Website (except for social networking sites) without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; (v) if we require, you must establish hyperlinks to our website and other Websites; and (vi) we may revoke our approval at any time by providing written or email notice to you of such revocation.

(12) Your Business is deemed open for operation the day after completing our initial training program which must be completed within 60 days of signing the Franchise Agreement. Factors that may affect this length of time include: obtaining any licenses, registrations or certifications as required by your state to operate your Business (as described in Item 1); securing a location for your Business that is approved by us, negotiation of a lease agreement (if applicable), if you are able to use your own Vehicle and Trailer or if you need to purchase a Vehicle or Trailer; time of year you open the Business, satisfactory completion of our initial training program by you (or your Owners) and availability of equipment, products and supplies necessary for you to begin operating your Business. If you choose to open a location (such as a small office, warehouse, or industrial space) for your Business, you must acquire or lease, at your expense, commercial real estate that is properly zoned for the use of your Business under the Franchise Agreement within the timeframe mentioned above (not applicable if home-based). If opening a location, you must submit to us, in the form we specify, a copy of the location plan and other such information or materials we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining the location. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed location of your Business and will notify you of the same by e-mail or other form of written communication. Failure to open your Business for operation within 60 days from signing the Franchise Agreement (as mentioned above) will constitute a default under the Franchise Agreement, for which we may terminate the Franchise Agreement. Such default notice, under which we may terminate the Franchise Agreement, shall be given to you in writing.

(13) Before the opening of your Franchise and regardless of whether you operate out of your home or out of a location (such as a small office, warehouse, or industrial space), you, any Owner and/or manager you designate, are required to attend our two-week Franchisee training program at our corporate headquarters in Bellville, Ohio unless headquarters is moved. We maintain a regular calendar for the training program and the trainings are held approximately six to twelve times per year (or more frequently if needed). The training program is included in your Initial Franchise Fee

for up to three individuals. You are responsible for all costs associated with attending the program such as travel, room and board.

(i) It is required that you (or any Owner) have successfully obtained any license or certification if required by your state (such as an insulation and acoustical contractor's license, general contractor's license or whatever necessary licenses or certifications are required by your state to operate your Business as described in Item 1). Such licenses or certifications (if required by your state) are necessary for the operation of your Business and must be obtained prior to attending our initial training program. You must obtain, maintain, and keep a copy of such licenses and certifications on file at all times.

(ii) If you, any Owner and/or manager does not satisfactorily complete our training program, we will notify you and you may then select and enroll a substitute person in our training program. If, during the training program we determine, in our sole discretion, that you, any Owner or manager is not qualified to manage and operate a North Central Insulation™ Business, you can appoint someone else to be trained at your expense. If that person does not satisfactorily complete our training, we have the right to terminate the Franchise Agreement. The criteria that we will use to determine whether or not we deem you (or any Owner) or manager qualified to manage and operate a North Central Insulation™ Business includes, but is not limited to, lack of skill and ability to adhere to our service standards, lack of business experience, such person's personality makes it difficult to obtain customers or you do not have the appropriate licenses or certifications to operate a North Central Insulation™ franchise. We will send you a written termination notice upon our determination of lack of qualification.

(iii) After the completion of our training program by you, any Owner or manager, we can upon your request provide training to any new manager of your Business for which an additional training fee of up to $250 per person per day may be required. The trainee(s) will be responsible for all costs related to attending training such as travel, room and board. In addition, we have the right to require that you, any Owner or manager complete supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at our corporate headquarters (currently in Bellville, Ohio). There may be an additional cost for a supplemental and refresher training program. You are responsible for all costs associated with attending such training opportunities we may provide for you such as travel, room and board.

(iv) After the opening of your Business, we may provide to you and your manager, access to information and support through our intranet system. Support may also be available from our professionals, and we may provide refresher training or continuing education programs either through phone, web based ("webinars"), video or at locations designated by us (but will most likely be at our headquarters). Such refresher or continuing education sessions (other than by phone, webinars, or video) may have a registration charge to you which will not exceed $250 per person per day plus your expenses. You are responsible for costs associated with you attending the programs such as travel, room, board and related expenses or our expenses if we come to you. The programs will normally not exceed one day and we expect to have programs subject to special need. The content will cover particular aspects of the Business including but not limited to: estimating, sales and marketing, strategies to acquire customers; installation methods and techniques; service standards, industry trends and guidelines, new equipment, products or services; updates to our service guarantee program, best practices for hiring employees and independent contractors (if you choose to hire independent contractors), operational guidelines, equipment troubleshooting, safety, website and software developments, advertising and marketing strategies, administration

and so forth. We may conduct an annual convention at such place as shall be designated by us for all franchisees but will most likely be at our headquarters. A registration fee for each participant may be required which we will work in good faith to maintain at our cost and you will be responsible for costs associated with attending the convention such as travel, room and board. The registration fee for conferences will not exceed $1,000 per person. The fees charged above may be increased a reasonable amount based on the increase of actual costs incurred by us.

(v) We will immediately schedule our initial training program after signing the Franchise Agreement (only after you have obtained or have partnered with someone who has either a valid insulation and acoustical contractor's license, general contractor's license or whatever license and/or certification is required by your state) and you must complete our initial training program within 60 days after signing the Franchise Agreement. The training curriculum for our initial training program is fully detailed in the Operations Manual and will change periodically. Our training team will include directors from our corporate office, members of our website development team, members from our approved vendors, suppliers and service providers.

TRAINING SCHEDULE: AT CORPORATE OFFICES

The North Central Insulation™ Franchise Training Program includes an Operations Manual, presentations, virtual training, videos, demos and hands-on training. This training curriculum is fully detailed in the Operations Manual and will change periodically.

TRAINING PROGRAM

The Operations Manual will detail all aspects of Franchise operations presented in training and serve as an ongoing reference. Updates to the Operations Manual will be made available to you through various means including online. All of the training sessions will be taught by Rhett Dudgeon who has over 34 years of insulation, operational and business management experience; John Dudgeon who has over 33 years of insulation, operational and business management; Jim Stewart who has over 29 years of insulation industry and operations management experience; and Dani Rogers who has over 14 years of management, human resources and administrative experience all of whose backgrounds are described in Item 2. Occasionally, different guest speakers may make an appearance at the training program to provide information about various pieces of equipment, products, supplies, and services used and offered by us. For example, some speakers may be our employees, franchisees, vendors, or industry experts.

Subject	Classroom Hours	On the Job Training Hours	Instruction	Location
The North Central Insulation™ Philosophy, Culture, Standards and Introduction*	1 Hour		Presentation, demos, and examples	Corporate headquarters in Bellville, Ohio or as we otherwise specify
The Science Behind Insulation	2 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Approved Services and Service Guarantee Program	1 Hour		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Approved Equipment, Operation, Maintenance, Troubleshooting and Asset Management		3 Hours	Operations Manual, Presentation, Various Speakers and On the Job Training	Corporate headquarters in Bellville, Ohio or as we otherwise specify

Approved Products, Vendors and Purchasing Strategies	3 Hours		Operations Manual, Presentation and Various Speakers	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Salesperson Training, Estimating Jobs and Pricing Guidelines	10 Hours	70 Hours	Operations Manual, Presentation, Role Play, Various Speakers and On the Job Training	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Technician Training and Performing Services		20 Hours	Operations Manual, Presentation and On the Job Training	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Manager Responsibilities and Daily Operations	5 Hours		Operations Manual, Presentation and On the Job Training	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Answering Phones, Customer Service and Managing Expectations		2 Hours	Operations Manual, Presentation and Various Speakers	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Technology and Software Training**		4 Hours	Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Advertising and Marketing Your Business	2 Hours	10 Hours	Marketing Plan Creation, Presentations, Operations Manual and Various Speakers	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Recommendations for Hiring and Managing Employees	4 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Record Keeping and Office Administration Responsibilities	2 Hours	6 Hours	Operations Manual and Various Speakers	Corporate headquarters in Bellville, Ohio or as we otherwise specify
Total Hours***	30 Hours	115 Hours		

* Prior to attending our initial training program, we expect you to complete approximately twenty hours of self-study and virtual training at your own pace utilizing materials and videos we provide to you.

**Additional software and record keeping training may be provided to you and performed by our approved vendors after the initial training above is completed.

***The actual hours of classroom and on-the-job training may vary. For example, it may take less time to cover a subject in a smaller class than in a larger class and depending on your experience.

Additional Assistance:

In addition to the initial training program mentioned above, we will provide up to four days of onsite assistance and guidance at your location for sales, marketing and operational assistance at our cost. For your second and subsequent Business that you open, we will (at your option) provide the same type of assistance and guidance at your location; however, you will be responsible for all costs and expenses incurred by us, including but not limited to compensation for personnel and travel expenses. We will provide you with invoices for amounts you owe us, and we may require you to pre-pay all or a portion of the actual amounts owed.

Ongoing Training:

We will provide you with announcements and/or newsletters that will contain ongoing training relating to your Business. We will also provide you with access to additional or refresher training programs that may be conducted through the telephone, webinars or video training at no cost to you. In some instances, we may periodically require that you or your Owners (if you are an entity) and/or a manager complete additional training or refresher training programs to add service, correct, improve and/or enhance the operations of your Business. Such additional or refresher training programs may be conducted through the telephone, webinars, video training or at annual conferences. Anyone attending additional or refresher training programs (training other than by telephone, webinars or video training) will be subject to an additional training fee and all costs associated with attending the training program such as travel, room and board (as described in paragraph 13 (iv) above).

ITEM 12
TERRITORY

You must operate your single North Central Insulation™ Business within the specific area identified in your Franchise Agreement. You will not receive an exclusive territory and you may face competition from other franchisees, company-owned businesses we operate or from other channels of distribution or competitive brands that we control. You are awarded a protected territory ("Territory") of a defined population as much as one million persons which means it may be less than such amount and you must operate your Franchise within the Territory. We reserve the right to grant a Territory that is smaller than the population area defined above, in order to account for more densely populated areas. We will determine your Territory based on the most recently published data from U.S. Census Bureau or other sources as we may indicate to you. You will have the only North Central Insulation™ business within your Territory. All services must be performed within your Territory. You may also conduct business at special events (such as: tradeshows, home shows, expos, promotional events, etc.) to promote services and sell products (if we authorize you to sell retail products in the future) as long as such events are within your Territory. However, you may be able to conduct business at special events or perform services in unassigned geographic areas outside your Territory so long as you have written permission by us. We shall approve or deny your request to either conduct business at special events or to perform services in unassigned geographic areas outside your Territory, which approval is in our sole discretion, within three business days of receipt of your written request and we will respond by email or any other form of written communication (as further described below). In addition, you must not perform Target Marketing outside your Territory, as described below, and you can directly market and solicit customers only within the accepted Territory that has been entered in your Franchise Agreement or made part thereof by an addendum attached to your Franchise Agreement.

We cannot establish a company-owned business, franchise nor license another to locate a North Central Insulation™ business within your Territory identified in your Franchise Agreement during the term of the Franchise Agreement.

Your licensed Territory is determined by zip code, population, demographics of the surrounding area, topography, our own assessment of business potential (such as number of: residential homes, businesses, commercial buildings, new construction, etc. that are in the area), competition, market penetration or other conditions important to the successful operation of a North Central Insulation™ Business, as we deem appropriate and as identified in your Franchise Agreement. Your licensed Territory is determined by us once an area is chosen and will not be altered even if there is a population increase or decrease. Your Territory will not be affected by your sales volume, market penetration or number of customers you service. Certain franchise territories, such as major metropolitan areas may have smaller territories of densely populated areas.

Whether you operate out of your home or a small office, warehouse or industrial space, we must approve the site in which you intend to operate your Business which must be within your protected Territory, in writing, before your Business is open for operation (whichever comes first). You may not relocate your Business without our prior written consent, which we will not unreasonably withhold or delay.

You must sign a separate Franchise Agreement for each additional Business. You have no rights to operate your Business out of any other site other than the site accepted by us or to operate any additional Businesses. You must submit a separate application for each Franchised Business to be established by you. You must pay the fee for each additional acquisition mentioned in Item 5 and be in compliance with all of the terms and conditions of the Franchise Agreement. We will evaluate your proposed location of any additional North Central Insulation™ Business based on the criteria described in Items 11 and 12 above.

The Territory described above will affect where you and our other franchisees may solicit business, provide services and sell products that are part of service (and retail products if we authorize you to sell products in the future). If other geographical areas are unassigned, we have the right to sell or assign it, or part of it, at any time, without notice to you and you might not have the right of first refusal or option to buy the territory that was formally unassigned. You are encouraged to directly market for customers located within your Territory to promote services and sell retail products (if we authorize you to sell retail products in the future). You can perform services for anyone so long as such services are performed from within your Territory. If we authorize you to sell retail products in the future (products other than the products sold as part of services), you may such sell retail products to anyone from anywhere even if such customers are within another franchisee's territory so long as your sales do not result from any direct solicitation activities by you and the retail products you sell are being sold from your Business, at jobs within your Territory or at special events within your defined Territory. In addition, in the future, we may allow you and other franchisees or company-owned businesses to promote services and sell products (including retail products, if applicable) through alternative channels of distribution (such as on Websites). If you are granted permission to promote services and/or sell any products through an alternative channel of distribution, per our written approval, all services must be performed within your Territory and if we authorize you to sell any products in the future, you may such sell products to anyone from anywhere without compensation to the other franchisee or company-owned business. We, other franchisees, and company-owned businesses reserve the same right to promote services and/or sell products (including retail products, if applicable) through alternative channels of distribution (such as on Websites) to anyone from anywhere (so long as such services are performed within our/their respective areas) without compensation to you. Therefore, although you may be the only North Central Insulation™ business physically located in your Territory, you do not receive an exclusive territory. You are prohibited from soliciting and marketing in general to customers by any means outside of your respective Territory and you must not engage in target marketing ("Target Marketing") within the territory of another North Central Insulation™ business (franchise and/or a company/affiliate owned business). Target Marketing means a concerted effort by a franchisee to solicit and obtain customers through any type of advertisement or marketing, directed at all or a portion of another franchisee's territory or company-owned business area or any unassigned area. We will use commercially reasonable efforts to enforce this requirement regarding Target Marketing if you or any other franchisee violates it.

If you are asked to conduct business at a special event (such as: tradeshows, home shows, expos, promotional events, etc.) to promote services and/or sell retail products (if we authorize you to sell retail products in the future) or perform services in another geographical area in which there is another franchisee or company-owned business, you must immediately refer that request to the North Central Insulation™ business in that geographical area or directly to us. If the other franchisee or company-owned business gives you written permission to conduct business at such special event or determines it is in the best interest of the customer for you to perform services, then you can proceed to conduct business at such special event or immediately perform services for the customer. If there is not a North Central Insulation™ franchise or company-owned business in the geographical area where you wish to conduct business at a special event or to perform services, then you must submit a request to us asking to conduct business at such special events or perform services and upon our written approval you can proceed. We shall approve or deny your request to conduct business at such special events, perform services and sell retail products (if we authorize you to sell retail products in the future) in other areas not owned by other franchisees or us, which approval is in our sole discretion, within three business days of your written request. Our response to your request will be made by email or any other form of written communication. Approval may be revoked in our sole discretion. However, you must be prepared to immediately cease conducting such special events and/or performing services in that unassigned area when it is otherwise assigned or franchised. We and other franchisees must refer special events and customers that

are within your Territory to you and also reserve the same right to sell retail products (if we authorize the sale of retail products in the future) to anyone who comes from anywhere and also to perform services and sell products that are sold as part of services for customers who may be within your defined Territory if it is determined by you to be in the customer's best interest.

If during the term of the Franchise Agreement, you are unable to promptly and properly provide services to any of your customers due to excessive work or other cause, you must refer that customer to another franchise in the System, company-owned location or to us. If you fail to refer special events or customers as set forth herein, we will have the right to terminate the Franchise Agreement. For any default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that you may have with respect to your protected status of the Territory, effective ten days after delivery of written notice to you. In addition, we may modify or completely eliminate the Territory (Franchise Agreement Sections VI, XII.H and XXIII.F).

We encourage all North Central Insulation™ businesses, when owned by different individuals, to work out a referral relationship and an advertising strategy if they are close to each other. We must be notified of all such arrangements.

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to perform services and sell products as part of services (including retail products if we choose to sell retail products in the future) to any business or organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined within any one particular franchisee's territory regardless of the contract amount of services to be performed or products to be provided (a "National Account"). After we sign a contract with a National Account, we may, at our option, provide you the option to perform services and provide products that are part of services (including retail products if we authorize the sale of retail products in the future) to businesses under the National Account contract. If we choose, or if you choose not to perform services or provide products to the National Account, we may direct the National Account to seek such services and products from another franchisee or company-owned location even if the National Account is located within your Territory without compensation to you.

We reserve the right to issue binding policies to coordinate marketing councils and/or advertising cooperative programs. For example, we may require that all franchisees within close proximity to tradeshows, consumer home shows, conventions or exhibitions where home or building improvement-related services or products are being offered or sold to participate in the cost and benefit of the show. We intend to direct and coordinate all franchisee Internet advertising. All such programs and policies are our proprietary trade secrets. In such programs, we will require the person that is acquired through such programs, to be served by the closest franchisee or company-owned location to where the person is located and may or may not require franchisees to do so at a minimum price or pay a reasonable referral fee.

Any rights not expressly granted to you are reserved to us. Such rights reserved to us include, but are not limited to the right to:

(1) Advertise, market and sell North Central Insulation™ branded and trademarked services, products as part of services, retail products and equipment (if we decide to sell retail products or any equipment in the future) in your Territory;

(2) Advertise, offer and promote any services, products as part of services, retail products and/or equipment (if we choose to sell retail products or any equipment in the future) to promote the System through the Internet and/or other similar venues no matter where the person is based to fulfill the demand in your Territory;

(3) Offer or distribute anywhere services, products or equipment (if we choose to sell any equipment in the future) to anyone from anywhere through any alternative or other channel of distribution, other

than local business operations (franchised or owned by us) providing services or products as part of service under the Marks and System and on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or are acting inside or outside the Territory designated on your Franchise Agreement;

(4) Develop, manufacture, produce and distribute any labeled product or piece of equipment that has been branded with our Marks or logo or different branded products and equipment through any outlet located anywhere regardless of its proximity to your Business (including, by way of illustration, discount warehouses, home improvement stores, construction supply stores, over the Internet and/or electronic media and similar venues) and on any terms and conditions we deem appropriate. If we decide to distribute products or equipment, you will receive no compensation from us for such sales inside your Territory unless otherwise agreed in writing by us;

(5) Implement advertising cooperative programs which may allow us or others to offer services, solicit or sell to anyone located anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;

(6) Own and/or operate ourselves, or authorize others to own and/or operate (a) any business located outside the Territory as designated on your Franchise Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and /or System or not, which is not substantially similar to the business franchised to you under the Franchise Agreement and/or (c) any business anywhere which does not use the Marks; and

(7) Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised, or other businesses (including your Franchise Business) are converted to another format, maintained under the System or otherwise. If we acquire or merge with a business similar to a North Central Insulation™ business within your Territory, we will make commercially reasonable efforts to maintain the protected status of your Territory. You will fully participate in any conversion subject to any person/entity merging with, or acquiring us, reimbursing you for reasonable costs directly related to the conversion.

We are not responsible for paying any compensation to you concerning the sale of any services, products or equipment by us over the Internet or other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are not substantially similar to the Franchised Business or any business that does not use the Marks. For clarity, the Franchise Agreement grants you no rights to promote, offer and/or provide services; sell or distribute any products or equipment through any alternative channels of distribution (other than our approved list of channels of distribution) without our permission or share in any of the proceeds from our activities through alternative channels of distribution.

We have not established, and do not presently intend to establish, other franchises or company-owned businesses except as disclosed in Item 1 of this Franchise Disclosure Document, offering similar services, or selling products under a trade name or trademark different from our Marks.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Franchise. Our principal trademark is "North Central Insulation" along with the design, as it appears on the first page of this Disclosure Document. We have the right to use and to license others to use the Marks and any other trade name, trademarks, service marks and logos currently used or that may hereafter be used in the

operation of the Business. You must use the Marks only for the operation of your Franchise and in the manner authorized by us.

The design and word mark "NCI North Central Insulation" is pending registration on the principal register of the United States Patent and Trademark Office (referred to as "USPTO") bearing the serial number 99098030 dated March 21, 2025 owned by our affiliate, North Central Insulation, Inc. and is licensed to us and sublicensed to you. The word mark "North Central Insulation" is pending registration on the principal register of the United States Patent and Trademark Office (referred to as "USPTO") bearing the serial number 99097981 dated March 21, 2025 also owned by our affiliate, North Central Insulation, Inc. and is licensed to us and sublicensed to you. We also claim common law rights in our trademarks based on our prior use. We do not yet have a federal registration for our trademarks. Therefore, our trademarks do not have many of the legal benefits and rights as a federally registered trademark. If our right to use the trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or material litigation involving the Marks. We have not yet filed an affidavit of use because our trademarks were recently filed and do not need an affidavit. We do intend to renew all of our trademark registrations.

There are no agreements that limit our right to sublicense you the Marks, other than a perpetual, exclusive, non-transferable, worldwide, royalty free license to use, sub-license, and display the Marks from North Central Insulation, Inc. pursuant to a trademark license agreement. The trademark license agreement may be modified or terminated if we fail to follow the quality standards of North Central Insulation, Inc. The trademark license agreement may be modified or terminated if we fail to follow the operating, merchandising and advertising policies, and such other quality standards that are established by North Central Insulation, Inc. In addition, North Central Insulation, Inc. has the right to substitute alternative trademarks for license at any time. Therefore, you may have to change the trademarks that you use in operating your franchise business at your expense. The trademark license agreement will remain in effect for as long as we offer franchises unless we are in default of the trademark license agreement.

Upon termination of the trademark license agreement for any reason, we and franchisees must discontinue all use of the Marks in any form, remove the Marks from our website and any of our franchisees' web pages, modify any and all identification of the Franchised Business with, or reference to, the Marks, and refrain from making any subsequent representation, advertisement or published statement or product sales using or in reference to the Marks, or the business previously conducted using the Marks, and take such action as shall be necessary to change any corporate name, assumed name or equivalent registration which mentions or refers to the Marks, or any mark similar thereto.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Marks or claim by any person of any rights in any Mark or any similar trade name, trademark, or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding.

We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or protect you against claims of infringement or unfair competition with respect to them. The Franchise Agreement does not require that we participate in your defense or indemnify you for expenses or damages if you are a party to a judicial or administrative proceeding involving one of the Marks or if the proceeding gets resolved unfavorably to you. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously (Franchise Agreement Section XV.B).

You may not, without our written consent, which is in our sole discretion, commence or prosecute, or seek leave to intervene in, any litigation or other proceeding, including any arbitration proceeding, in which you purport

to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after notice by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signs from your Business (if applicable), and to purchase and install new signs including all signage and graphics on your Vehicles and/or Trailers in addition to all marketing and advertising materials. We have no liability to you.

There are no infringing uses actually known to us as of the Issuance Date of this Disclosure Document that could materially affect your use of the Marks in the State of Ohio or in any other state. You should understand that there could be other businesses using trademarks, trade names or other symbols similar to our Marks with superior rights to our rights. Before starting your business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your business name.

All your usage of the Marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the Marks in connection with offering services and selling products as part of service (including retail products, if we sell retail products in the future); (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees; (c) to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you as described in Item 12.

All your usage of the Marks and any goodwill you establish are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of your Franchise Agreement. You may not use the marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem, or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must also prominently display in your Business that we are not a joint employer of yours and that you are solely responsible for all employment-related decisions and matters. You must also identify yourself as the owner of your Franchise by placing your name on the business and on all Vehicles, Trailers, checks, invoices, receipts, contracts, and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase "A franchise of North Central Insulation™" or such other phrase as we occasionally direct.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights or have any pending patent or copyright applications which are material to this Franchise; however, we claim common law trade secret and copyright protection for several aspects of our System, services (including our proprietary service guarantee program), equipment, products, our business strategies, methods, techniques and processes, third-party software, forms, business procedures, photographs of jobs, video presentations, website, Vehicle and Trailer appearance standards, graphics contained on all Vehicles and Trailers, manuals, workbooks and all related materials including advertisement and promotional materials although such materials may not have been registered with the United States Copyright Office. If we do obtain copyright registration on any of the above materials, we intend to renew our registrations. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in your Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of our copyrighted materials, trade secrets or patents and/or claim by any person of any rights in any copyright, trade secret or patent of which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, United States Copyright Office, USPTO proceeding or other administrative proceeding. We may require you to discontinue use or modify any materials or equipment that may in our opinion infringe on the copyright, trade secret or patent rights of any other person or business.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any copyrighted materials or trade secrets, and/or use one or more additional or substitute copyrighted materials or trade secrets, you must comply with our directions with respect to such modification, substitution, or discontinuation within a reasonable time after notice by us. We have no liability to you concerning substitution or modification of copyrighted materials or trade secrets.

We possess certain confidential information including knowledge of our: services and products used including our specific methods, processes, procedures and techniques when installing insulation and performing services; specifications for all equipment, products and supplies and strategies for using and securing such items; vendor and supplier relationships, cost and pricing strategies, efficient scheduling and operational procedures, service standards, ongoing training programs, procedures for safety and quality control; recommended build out specifications with décor, color scheme and signage (if operating out of a location); guidelines for hiring employees and independent contractors (if you choose to hire independent contractors) along with our proprietary employee compensation program; Vehicle and Trailer appearance standards (including our graphic specifications), our website, intranet system, third-party software, Operations Manual, photographs, video presentations, forms, contracts, record keeping and reporting methods; proprietary sales processes, estimating techniques, customer acquisition and service guarantee program; advertising, marketing, networking and promotional strategies and materials in addition to systems and knowledge of, and experience in, the operation and franchising of a North Central Insulation™ business (the "Confidential Information"). We will disclose Confidential Information to you during our initial franchise training program, seminars, workshops, continuing education sessions (see Item 6 and Item 11) and conventions sponsored by us; in our Operations Manual, and in guidance furnished to you during the term of your Franchise Agreement.

If you or your partners, members, managers, directors, officers, shareholders, employees, agents or independent contractors, develop or create any new service, product, piece of equipment, package, program, plan, video presentation, photograph, concept, technique, formula, method, process or improvement in the operation or promotion of your Business, you are required to promptly notify us with all necessary related information, without compensation. However, as a matter of corporate policy, we may create an incentive program to reward you, your partners, members, managers, directors, officers, shareholders, employees, agents or independent contractors for any new service, product, piece of equipment, package, program, plan, video presentation, photograph, concept, technique, formula, method, process or improvement that we implement throughout the System. You and if you are an Entity, then one of your Owners acknowledges that any such new service, product, piece of equipment, package, program, plan, video presentation, photograph, concept, technique, formula, method, process or improvement will become our property and we may use or disclose such information to other franchisees as we deem appropriate.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of your Business during the term of your Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2)

will maintain the absolute confidentiality of the Confidential Information during and after the term of your Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosures to employees and independent contractors of your Franchise and any other business(es) owned by you and if you are an Entity, any of your Owners, and the use of nondisclosure and noncompetition clauses in employment agreements with your Owners, employees and independent contractors.

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

The Franchise Agreement provides that your Business must at all times be under your direct, day-to-day, full-time supervision (or if you are an Entity such as a limited liability company, partnership, or corporation then a managing Owner of such Entity, approved by us) or a non-owner manager of your Business who is approved by us. This person must have successfully completed our initial training program and must use his/her best efforts in the operation of a North Central Insulation™ Business.

You are required to retain a manager ("Manager") for the operation and management of your Business to manage jobs, supervise employees to ensure all services are performed according to our standards. The Manager may, but need not, be you or one of the Owners of the Business. The Manager must meet all our standards and criteria for such positions as set forth in the Operations Manual. The Manager need not have any set percentage of the equity of the Franchised Business. Your Manager must devote all of his or her time and effort to the personal supervision of the Business and must use his or her best efforts in the operation of the Business. This individual and their replacements must also satisfy the applicable training requirements as outlined in the Franchise Agreement. We have the right to require that the Manager be present for any inspection we conduct (Franchise Agreement Section XII.F).

If we, in our sole discretion, find that your Manager is not properly performing his or her duties, we will advise you and you must immediately take steps to correct the situation. However, we are not responsible for the hiring, discipline or termination of any Manager or any other person that you employ. Upon termination of employment of your Manager, you must appoint a successor Manager within 60 days. Any replacement Manager (who we may disapprove in our sole and absolute discretion) must be trained by you in accordance with our standards. To clarify, any replacement Manager is to be trained by you at your expense.

Our approval of a Manager other than you is conditional upon that person entering into a confidentiality and restriction of like business agreement containing covenants like those contained in the Franchise Agreement and Schedule 8 of the Franchise Agreement against engaging in competing businesses and use and/or disclosure of our confidential business information during the tenure of employment with you and for a period of three years following the termination of such person's employment with you. You will provide us with copies of the same upon request.

If you are an Entity, each of your Owners that holds more than 10% interest in the Franchise Business must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. Franchisee's spouse must also sign the personal guaranty. The required Guaranty of Obligations is attached as Schedule 5 of the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Due to the differing nature of markets across the United States, and because climate and geographic areas will vary, you will have a wide variety of possible locations in which to conduct business operations with our approval. You may not use the North Central Insulation™ Business for any other purpose than the operation of a North Central Insulation™ business, unless otherwise approved by us in writing. Alternative operation sites that may be approved can include for example incorporating your Business operations within the premises of an existing business so long as the existing business is not insulation related.

You must comply with all of our standards and specifications relating to: offering, selling and performing services; purchasing equipment, products, supplies, uniforms, Vehicles, Trailers, vehicle and trailer graphics, technology items, software, advertising and marketing materials, promotional items, miscellaneous forms and other items to be used, offered, or sold in the Business (See Item 8).

You are required to offer only the approved services as specified by us to perform scheduled insulation removal and installation services that include but are not limited to: onsite consultations and estimates, services to remove old insulation in existing structures; installation services for new insulation in existing structures using different types (such as cellulose, fiberglass, foam, spray or blown in) and brands of insulation (areas for installation include attics, crawl spaces, basements, walls, etc.); installation services for new construction of structures using different types (such as cellulose, fiberglass, foam, spray or blown in) and brands of insulation (areas for installation include attics, crawl spaces, basements, walls, etc.); different types and brands of insulation for sale as part of services in addition to offering our proprietary service guarantee program along with other insulation-related services and/or products (if we authorize you to sell products other than products as part of service, such as retail products) as expressly authorized by us in writing or in the Operations Manual, or developed by us as a result of your pre-market entry study to meet the needs of your unique market, and any updates to be incorporated in the Operations Manual periodically. You must not deviate from our standards and specifications without first obtaining our written consent. We will provide you with a written list of services (including details about our proprietary service guarantee program) and products you are authorized to use, offer, perform and sell during our initial training program in addition to guidelines and recommendations when hiring employees and independent contractors (if you choose to hire independent contractors). You must: offer all services (including our proprietary service guarantee program), use only the equipment and products we specify; perform services within your defined Territory; sell products other than products that are part of service (for example if we authorize you to sell retail products in the future) to anyone from anywhere so long as such sales do not result in Target Marketing (as described in Item 12). If we authorize you to sell retail products in the future, we, other franchisees and company-owned businesses reserve the same right to sell retail products to anyone from anywhere without compensation to you. You acknowledge that this may create competition and you will not receive any compensation from us, other franchisees or company-owned businesses if products are sold to customers who live within your Territory.

You can provide services and sell products as part of services (including retail products if we authorize you to sell retail products in the future) at any rate and/or price you establish; however, we will suggest pricing and rate strategy and will establish minimum and maximum rates and/or prices at which you may provide services and sell products to the extent allowed by federal and state laws. You may offer additional services and products that are unique to your area in an effort to blend in with your community; however, you must obtain our written approval before such services and products are offered and the time to approve or deny your request is 30 days (as described in Item 8). You must discontinue offering, selling and using any service (including any type of package, plan or program that we have previously authorized or that has been developed by us) or product we may disapprove in writing at any time, whether such service or product is currently in use. We may change and/or modify the types of services (including any type of package, plan or program) and products we authorize you to offer, perform and sell at any time. There are no limits on our right to do so. You may not offer or perform any services (including offering any type of package, plan or program not approved by us) or sell any products other than products that are part of service (or if we authorize you to sell retail products in the future) that have not been specifically approved by us in writing; and you may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to sell any products or equipment inside or outside your Territory without our written consent.

In addition, you acknowledge that we may, in our discretion, allow you and other franchisees or company-owned businesses to promote services or sell products (including retail products, if we authorize you to sell retail products in the future) through an alternative channel of distribution (such as on the Internet or Websites) provided you adhere to our standards. You acknowledge that this may create competition and you will not receive any compensation from such sales made by other franchisees or company-owned locations. If we authorize you to promote services and/or sell products (including retail products, if we authorize the sale of retail products in the future) through alternative channels of distribution, all services must be performed within your Territory and all products sold must be from your Business or at special events within your Territory. Unless otherwise approved by us in writing, you are not authorized to promote services or sell any products on the Internet or in any other media, whether now known or hereinafter invented.

You must participate in any type of loyalty program, rewards program, gift certificate or gift card program we establish. You may not create or issue your own gift certificates, gift cards, rewards or loyalty program unless otherwise approved by us.

You must maintain all proper certifications, permits and licenses to operate a North Central Insulation™ Business to provide services and sell products in your area. You must not engage in any trade, practice or other activity that is harmful to our goodwill or reflects unfavorably on our reputation, that constitutes deceptive or unfair competition, or that is in violation of any applicable law or regulation.

You are encouraged to directly advertise and market to promote and offer services and sell products that are part of service (and retail products if we authorize you to sell products in the future) within your Territory. If we authorize you to sell retail products in the future, we place no restrictions upon your ability to sell such products to anyone from anywhere provided you do so from your Business, at jobs within your Territory or at special events within your Territory and in accordance with our standards. However, you are prohibited from Target Marketing, performing services or conducting business at special events in other geographical areas outside your Territory or through any alternative channels of distribution without our permission (see Item 12).

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. "FA" refers to the Franchise Agreement.

Provision	Section in the Franchise Agreement	Summary
a. Length of the Franchise Term.	FA Section VII.A.	FA – initial term is five years
b. Renewal or extension of the term.	FA Section VII.B.	FA – up to one five-year renewal term if you meet certain term requirements.
c. Requirements for franchisee to renew or extend.	FA Section VII.B	FA – Written notice of your intent to renew, not more than twelve months and not less than six months prior to the end of the current term, full compliance with the FA, not in default under Franchise Agreement, performance standards satisfied, satisfied monetary obligations, sign then current form or new

		franchise agreement which may differ substantially from original franchise agreement, execute general release, satisfy any then current qualifications and training requirements, upgrade Business and there will be no renewal fee.
d. Termination by you.	Section XXIII.D	FA – If we have materially failed to comply with the terms of the Franchise Agreement after 30 days' written notice.
e. Termination by us without cause.	Not Applicable	We cannot terminate your FA without cause.
f. Termination by us with cause.	FA -Sections XXIII.B and XXIII.C	FA - We can terminate the FA if you breach a material provision of the FA or fail to open the Business.
g. "Cause" defined; curable defaults.	FA – Section XXIII.B	FA-Violation of health or safety laws upon 72 hrs.' notice; 5 days for failure to pay amounts owed; 30 days for all other defaults.
h. "Cause" defined; non-curable defaults.	FA- Section XXIII.C	Failure to open the Business, you fail to attend and satisfactorily complete the initial training program; you fail to submit financial statements, tax returns, you use our Names or Marks on the internet without our prior written consent; you engage in unfair business practices; abandonment or surrender of control of Business; misrepresentation or omission in application; felony conviction; unauthorized assignment or improper assignment upon death or disability; loss of possession of Business; failure to pay taxes or liens; dishonest or unethical conduct; assignment for benefit of creditors; you fail to satisfy a final judgment within 30 days; and bankruptcy.
i. Your obligations on termination / non-renewal	FA – Section XXIV	FA -Cease operating Franchised Business; cease use of Confidential Information and Marks; deliver property displaying the Marks; cancel assumed or similar name registrations; pay outstanding amounts and damages; deliver Manuals; assign phone numbers; comply with covenants.
j. Assignment of contract by us.	FA – Section XXII.C	No restriction on our right to assign.
k. "Transfer" by you-defined.	FA – Section XXII.B	Includes transfer of the contract and/or business assets by you.
l. Our approval of transfer by you.	FA – Sections XXII.B and XXII.E	FA – We have the right to approve all transfers by you.
m. Conditions for our approval of transfer.	FA – Sections XXII.C and XXII.E	FA – Full compliance with FA; transferee qualifies; all amounts due are paid in full;

		completion of training by transferee; transfer fee paid; transferee agrees to be bound by all terms of Franchise Agreement; you sign and deliver other required documents, including a general release.
n. Our right of first refusal to acquire your Business.	FA – Sections XXII.C and XXII.E	FA – We have the right to acquire your Business under the same terms you are offering to a third party.
o. Our option to purchase your Business.	FA – Sections XXII.C and XXII.E	FA – You must notify us if you plan to transfer your Business to a third party. After we have been notified, we will notify you whether or not we will purchase your Business. We have the right to match any offers.
p. Your death or disability.	FA – Section XXII.D	FA – Franchise must be assigned to approved buyer within six months.
q. Non-competition covenants during the term of the Franchise.	FA – Section XIX.C	FA – No involvement in any competitive business anywhere within ten miles of any company-owned business or other franchises.
r. Non-competition covenants after the franchise is terminated or expires	FA – Section XIX.C	FA – No interest in competing business for two years within ten miles of any company-owned business or other franchises.
s. Modification of the Agreement.	FA – Section XXV.J	FA – No modification except by mutual written agreement. Operations Manuals are subject to change.
t. Integration / merger clause.	FA – Section XXV.J	FA – Only terms of the Franchise Disclosure Document and Franchise Agreement are binding subject to state law. Notwithstanding the prior sentence, nothing in the Franchise Agreement or any related agreement is intended to disclaim any representations Franchisor has made in the entire Franchise Disclosure Document. Any representations made outside of the Disclosure Document or the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation.	FA – Sections XXV.C and XXV.D	FA – Arbitration and mediation in Richland County, State of Ohio (subject to State law).
v. Choice of forum.	FA – Section XXV.G	FA – Litigation in Richland County, State of Ohio (subject to state law) or the United States District Court of Ohio.
w. Choice of law.	FA – Section XXV.G	FA – State of Ohio laws apply (unless prohibited by laws of state where Franchisee is located).
x. Liquidated Damages	FA – Section XXIV.H	FA- If the Franchise Agreement is terminated prior to its expiration date, you shall be

	obligated to pay within thirty (30) days of termination or expiration of the Franchise Agreement, a sum determined by adding together the average Royalty Fee payments and average System Brand Fee payments that was paid to us during the previous twelve (12) months for either the remaining term (or renewal term) of the Franchise Agreement or two years (whichever comes first) in addition to the amount of receivables you have yet to receive for jobs that will be closed and completed within ninety (90) days of termination. If you have not made twelve (12) months of payments to us, then the number of payments you have made will be used to calculate the average of such Royalty Fee and System Brand Fee payments.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Rhett Dudgeon, 7539 State Route 13, Bellville, Ohio 44813, (419) 515-5860, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
System wide Outlet Summary
For Fiscal Years 2022 thru 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned*	2022	6	6	0
	2023	6	6	0
	2024	6	7	+1
Total Outlets	2022	6	6	0
	2023	6	6	0
	2024	6	7	+1

Table 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Fiscal Years 2022 thru 2024

State	Year	Number of Transfers
Ohio	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

Table 3
Status of Franchise Outlets
For Fiscal Years 2022 thru 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
OH	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2024	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets*
For Fiscal Years 2022 thru 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
KY	2024	1	0	0	0	0	1
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
OH	2024	4	1	0	0	0	5
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
PA	2024	1	0	0	0	0	1
	2022	6	0	0	0	0	6
	2023	6	0	0	0	0	6
Totals	2024	6	1	0	0	0	7

* “Company-Owned Outlets” includes six non-franchised business location operated by our affiliates, North Central Insulation, Inc., North Central Insulation of Kentucky, LLC and North Central Insulation of Pennsylvania, LLC. These business locations are not part of the franchise system. They may be sold to others or to a franchisee in the future.

Our fiscal year end is December 31. As of the date of this Disclosure, our affiliates operated six non-franchised businesses at the locations listed below:

North Central Insulation™	NCI Foam	North Central Insulation™
7539 State Route 13	7539 State Route 13	7538 Lincoln Way East
Bellville, OH 44813	Bellville, OH 44813	Apple Creek, OH 44606

North Central Insulation™
995 Brice Street
Newark, OH 43055

North Central Insulation™
1200 Lakeview Ave
Washington Courthouse, OH 43160

North Central Insulation™
709 Mt Eden Road
Shelbyville, KY 40065

North Central Insulation™
113 Power Drive
Loyalhanna, PA 15661

Table 5
Projected Openings
As of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Current Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
Ohio	0	1	0
Totals	**0**	**1**	**0**

A list of the names of all franchisees and the addresses and telephone numbers of their North Central Insulation™ businesses are listed as Exhibit G to this Disclosure Document. A list of the name and last known home address and telephone number of every franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during Fiscal Year 2024 or who has not communicated with us within 10 weeks of our application date is attached as Exhibit H.

If you buy this Franchise, your contact information may be disclosed to other buyers while you are a franchisee and when you leave the franchise system.

At this time, there are not previously owned North Central Insulation™ franchised outlets for sale.

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

At this time, there are no trademark specific franchisee organizations representing North Central Insulation™ franchisees, and no such trademark specific franchisee organization has asked us to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Our certified, independent, audited financial statements for the period from our date of formation on February 24, 2025, to July 31, 2025, are attached to this Disclosure Document as Exhibit I. Our fiscal year end is December 31. We have not been in business for three years or more and therefore cannot include all financial statements required by the Federal Trade Commission franchise rules for our last three fiscal years.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit A - Franchise Agreement

Schedule 1 – Electronic Funds Transfer Agreement
Schedule 5 – Individual Guaranty
Schedule 7 – Collateral Assignment of Lease
Schedule 8 – Confidentiality and Non-Compete Agreement
Exhibit C - Franchise Disclosure Questionnaire
Exhibit D - State Addenda
Exhibit F - Option Agreement

ITEM 23
RECEIPTS

Included as the last document of this Disclosure Document (Exhibit J) and/or as a separate executable form, is a Receipt to be signed by you. This Receipt must be signed and dated and delivered to us at least 14 calendar days before signing of the Franchise Agreement or payment of any fee by you.