FRANCHISE DISCLOSURE DOCUMENT

Poolwerx Franchise Management LLC
A Delaware limited liability company
4801 Spring Valley Road, Suite 103
Farmers Branch, Texas 75244
(480) 854-2782
franchising@poolwerx.com
www.poolwerx.com

You will provide maintenance services, pool cleaning, installation and remodel services, and retail pool supplies under the POOLWERX® trademark.

The total investment necessary to begin operation of a POOLWERX® Mobile Business is $105,400 to $140,525. This includes $83,025 to $86,025 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of a POOLWERX® Retail Location is $171,500 to $297,250. This includes $0 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of a POOLWERX® Mobile Business and Retail Location is $276,900 to $437,775. This includes $83,025 to $86,025 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Poolwerx Franchise Management LLC, Director of Franchise Development, at 4801 Spring Valley Road, Suite 103A, or call (480) 854-2782.

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

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

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

Issuance Date: May 29, 2026.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about 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 H.
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 E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Poolwerx 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 Poolwerx franchisee?	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in his disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Texas. 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 or litigate with the franchisor in Texas than in your own state.

2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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

5. **Turnover Rate.** During the last 3 years, a high percentage of franchised territories (more than 26%) were terminated or not renewed. This franchise could be a higher risk investment than a franchise in a system with a lower rate of turnover.

6. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices that the franchisor or they set. These prices may be higher than you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

NOTICE REQUIRED BY
STATE OF MICHIGAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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

The Franchisor is referred to in this Disclosure Document as "Poolwerx," "we," "us" or "our." "You" or "your" means the person who buys the franchise and includes your owners and principals if you are a corporation, limited liability company, or other business entity.

<u>The Franchisor</u>

We are a Delaware limited liability company formed on January 29, 2015. Our principal business address is 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 74244. We conduct business under our company name and our then-current proprietary marks, which is currently "POOLWERX." Our agents for service of process are listed in Exhibit A to this Disclosure Document.

We began offering franchises in the United States in March 2015 and have never offered any other franchises in any other line of business in the United States. While our affiliate has previously conducted a business of the type to be operated by you, we have not conducted a business of the type to be operated by you except as otherwise disclosed below.

<u>Parents, Predecessors and Affiliates</u>

Our direct parent company, Poolwerx USA, LLC ("Poolwerx USA"), is a Delaware limited liability company with a principal business address at 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 74244. Except as provided below, we do not, nor do any of our affiliates, offer franchises in any line of business in the United States or offer products or services to our franchisees.

Our affiliate, Poolwerx Development LLC ("Poolwerx Development"), is a Delaware limited liability company with a principal business address at 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 74244. On March 2, 2015, Poolwerx Development purchased substantially all of the assets of Cactus Valley. Cactus Valley has been dissolved and no longer offers or sells franchises in any line business or offers products or services to our franchisees, and Poolwerx no longer offers franchises under the Cactus trademark. Poolwerx Development does not offer franchises in any line of business.

Our affiliate, Poolwerx Operations, LLC ("Poolwerx Operations"), is a Delaware limited liability company with a principal business address at 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 74244. Poolwerx Operations does not offer franchises in any line of business.

The parent company of Poolwerx USA is Poolwerx U.S. Holdings LLC, a Delaware limited liability company with a principal business address at 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 74244.

Poolwerx Holdings LLC ("Poolwerx Holdings") is the sole shareholder of Poolwerx US Holdings. Poolwerx Holdings is a Delaware limited liability company with a principal business address at 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 74244.

Following an equity transaction that closed on June 29, 2022, the majority owner of Poolwerx Holdings is Norwest Venture Partners XVI, LP, a Delaware limited partnership with its principal business address at 1300 El Camino Real, Suite 200, Menlo Park, California 94025 ("NVP XVI").

The corporate parent of NVP XVI is Norwest Limited, LLC, a Delaware limited liability company with a principal business address at 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 74244 ("NVP LLC").

The corporate parent of NVP LLC, and ultimate controlling entity of Poolwerx US Holdings, is Well Fargo & Company, a Delaware corporation with its principal place of business at 420 Montgomery Street, San Francisco, California 94104.

Poolwerx Holdings Pty Ltd ACN 094 349 247, an affiliate of Poolwerx, owns the trademarks that you will use in your Poolwerx franchises in the United States. Poolwerx NZ Pty Ltd is an Australian company that sells franchises in New Zealand. Poolwerx Corporation Pty Ltd is an Australian company that sells franchises in Australia. All of these companies have their address at 10 Camford Street, Milton, Queensland 4064, Australia. None of them have ever offered franchises in any line of business in the United States.

Except as stated above, we do not have any parents, predecessors, or affiliates that (a) offer or operate franchises in any line of business, or (b) are otherwise involved in any other business activity.

The Franchised Business

We grant qualified individuals and entities the right to operate a business (the "Franchised Business") offering pool maintenance services, pool cleaning, installation and remodel services, and retail pool supplies (the "Approved Products and Approved Services"). The Franchised Business operates under the mark POOLWERX®, and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos (collectively, the "Proprietary Marks"). We may designate other trade names, service marks, and trademarks as Proprietary Marks.

Initially, you will establish and operate the Franchised Business as a mobile-based business (the "Mobile Unit"). After establishing the Mobile Unit, you are required to develop a retail store (the "Retail Location") within 36 months of the effective date of the Franchise Agreement, unless a revised date has been approved in writing by us. You will be responsible for securing additional Mobile Units in your Territory in order to meet customer demand.

Each Franchised Business operates according to our proprietary business system which includes our valuable know-how, information, trade secrets, methods, operations manual (the "Operations Manual"), standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential communications, methods of Internet usage, marketing programs, technology platforms, research and development (collectively, the "System"). We reserve the right to add, modify or change the System, Approved Products and Approved Services at any time. We may require that you purchase any product or service from an Approved Supplier or Required Supplier (as those terms are defined in Item 8).

You must enter into our current form of franchise agreement (each, a "Franchise Agreement"), which is attached to this Disclosure Document as Exhibit B, for each Franchised Business we grant you the right to open and operate. Upon signing the Franchise Agreement, we will provide you with an area in which you will have protected rights, which will typically be an area with approximately 6,500 residential pools (the "Territory").

Market and Competition

The market for pool services, including retail pool supply stores, maintenance, installations, remodel services, and retail pool supplies is competitive. Your Franchised Business will compete with other businesses including franchised operations, national chains, and independently owned companies offering similar products and services to customers.

Industry Specific Regulations

Your Franchised Business will be subject to laws and regulations in your state, county, or municipality. You may need specific types of licenses for the Franchised Business, which vary by state and sometimes by county or municipality. For example, in order to clean commercial swimming pools, some states require you to have your Certified Pool Operator's License. Some states have laws and regulations that pertain to the Approved Services that you will offer, such as swimming pool and spa regulations, pool fencing, and storage and use of chemicals. Further, some states require certain contractor licenses in order to complete the work that the Franchised Business will perform. Check with your local licensing board, as well as with an attorney, to learn about specific industry and contractor laws and regulations in the jurisdictions in which you will operate your business.

ITEM 2
BUSINESS EXPERIENCE

We have no directors or officers. The following people are associated with our parents or affiliates:

Chief Execution Officer (Global) – Nicholas Brill

Mr. Brill has been the Chief Executive Officer (Global) for Poolwerx Corporation Pty Ltd and its subsidiaries since October 2025 in Milton, Australia. From July 2022 to October 2025, Mr. Brill was Chief Executive Officer – Australia and New Zealand for Poolwerx Corporation Pty Ltd and its subsidiaries in Milton, Australia. From August 2019 to July 2022, Mr. Brill was Chief Operating Officer for Poolwerx Corporation Pty Ltd and its subsidiaries in Milton, Australia.

Chief Financial Officer (Global) – Grant Sutton

Mr. Sutton has been Chief Financial Officer (Global) for Poolwerx Corporation Pty Ltd and its subsidiaries since October 2024 in Milton, Australia. From June 2023 to September 2024, Mr. Sutton was CFO – ANZ and Company Secretary for Poolwerx Corporation Pty Ltd and its subsidiaries in Milton, Australia. From March 2019 to June 2023, Mr. Sutton was employed in numerous capacities by Retail Food Group in Gold Coast, Australia. In 2019, Mr. Sutton was the Head of Retail Finance, in 2020, Mr. Sutton was promoted to Head of Retail Finance, and in 2022, he was promoted to Head of Commercial.

Chief Operating Officer (USA) – Marla Mock

Ms. Mock has been our Chief Operating Officer since March 2026 in Dallas, Texas. From April 2023 to January 2026, Ms. Mock served as the President of Molly Maid, SPV LLC in Dallas, Texas. From March 2021 until April 2023, Ms. Mock served as Vice President of Operations for Molly Maid, SPV LLC in Dallas, Texas.

Senior Vice President of Franchise Development – Darlene Viering

Ms. Viering has served as our Senior Vice President of Franchise Development since November 2025 in Dallas, Texas. From June 2025 to November 2025, Ms. Viering served as Franchise Development Director at Assisted Living Locators Franchise System (Evive Brands) in Scottsdale, Arizona. Since April 2024, Ms. Viering has served as Chief Operating Officer and Call Center Consultant of Viering Ahead Consulting, LLC, in Hewitt, New Jersey. From June 2020 to April 2024, Ms. Viering was Chief Sales Officer for Junk

King Franchise System in San Francisco, California. Ms. Viering performs her current role from Hewitt, New Jersey.

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

Initial Franchise Fee. You must pay us an initial franchise fee of $49,500 for the initial Territory (the "Initial Franchise Fee") in a lump sum at the time you enter into your Franchise Agreement with us. The Initial Franchise Fee is considered fully earned and non-refundable upon payment. During our last fiscal year, in some instances, we delayed collecting a portion of the Initial Franchise Fee until the franchisee received its financing.

If you purchase the right to operate multiple Franchised Businesses at the same time, you will receive a $10,000 discount on the Initial Franchise Fee in connection with the second Franchised Business and a $15,000 discount on the Initial Franchise Fee in connection with the third and each additional Franchised Business.

Veterans Discount. As a member of the International Franchise Association's VetFran program, qualified veterans will receive a 10% discount on the Initial Franchise Fee on the first Franchised Business in recognition of service to this country. This discount cannot be combined with any other promotion, incentive, or discount.

Initial Training Fee. You must pay us an initial training fee of $2,000 (the "Initial Training Fee") for training by us at the time you enter into your Franchise Agreement with us. The Initial Training Fee covers the cost for 2 attendees. Each additional attendee will be charged $500 per person.

Convention Fee. You must pay us a convention fee of $3,525 (the "Convention Fee") at the time you enter into your Franchise Agreement with us. The Convention Fee covers the cost for two (2) people and includes lodging, meals, and convention registration.

Opening Inventory. You must pay us or Approved Suppliers for opening inventory, which is between $10,000 and $13,000 before you launch your Mobile Unit. When you open your retail location, you will pay an additional $30,000 to $40,000 directly to the supplier(s) and not to us or our affiliates.

Launch Marketing. You must pay us for Launch Marketing, which is $10,000 for the Mobile Unit. This investment supports local marketing and advertising - including digital, brand activation, promotional activity and client acquisition initiatives designed to establish your business within your Territory. For Retail Locations, the required Launch Marketing is between $15,000 to $20,000, which will be paid directly to supplier(s) and not to us or our affiliates. Launch Marketing activities including grand opening advertising and promotions, which will typically commence the two weeks prior to opening and continue through the first 12 months of operations.

Opening Equipment. You must pay us or Approved Suppliers for the initial set of opening equipment used in connection with the operation of the Franchised Business. This amount is $7,500 in connection with the Mobile Unit. You will pay an additional $3,000 to $6,000 directly to the supplier(s) when you open your Retail Location.

Uniforms. You must pay us for an initial set of uniforms for use in the operation of your Franchised Business when you launch the Mobile Unit, which is $500.

All of the fees payable to us and described in this Item 5 are payable in a lump sum and are non-refundable.

ITEM 6
OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	Seven percent (7%) of Gross Revenue (the "Royalty Fee"). If you are operating the Franchised Business after the expiration of the Franchise Agreement during a holdover period, the Royalty Fee increases to nine percent (9%) of Gross Revenue.	The Royalty Fee is currently due by the 15th day of the following month.	See Notes 1 and 2 for the definition of Gross Revenue.
Brand Fund	Three percent (3%) of Gross Revenue (the "Brand Fund Contribution").	The Brand Fund Contribution is currently due by the 15th day of the following month.	See Notes 1 and 2 below.
Technology Fee	The greater of (i) two percent (2%) of Gross Revenue, or (ii) $250 per month (the "Technology Fee"). The Technology Fee may be adjusted annually based upon the CPI increase (See Note 2).	The Technology Fee is currently due by the 15th day of the following month.	The Technology Fee is for the use of the technology platform, which is the integrated platform determined and developed by us which you must use in the operation of the Franchised Business and includes rights for the use, hosting, ongoing support and maintenance of the platform and acquiring and customizing software (the "Technology Platform"). It may include features such as field services software, inventory management system, point of sale, accounting software, integrations, water testing

			software, Google Suite, hosting, support and customization. The Technology Fee does not include third-party merchant fees, terminal rental fees, data migration fees (which will be equal to our costs of migration), or costs associated with future systems added to the Technology Platform. In addition to the Technology Fee, you may elect additional services as an add-on, however, these additional services are not required by us. The costs of such additional services are to be paid by you.
Convention Fee	The then-current convention fee, which is currently $3,525 per Franchisee (the "Convention Fee"). The Convention Fee may be adjusted annually based upon the CPI increase as well as our actual costs (See Note 2).	For your first year, the Convention Fee is payable upon execution of your Franchise Agreement. Thereafter, the Convention Fee is payable via ACH in six equal installments, or as specified by us in the Operations Manual, or as otherwise notified by us, in writing.	The Convention Fee covers the cost for two (2) people and includes lodging, meals, and convention registration. Additional people may attend the Convention at a cost of $2,125 which includes lodging (1 hotel room), meals & convention registration.
Product, Service, Supplier, and Service Provider Review	You must pay us our actual costs of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs.	Upon demand	Payable if you wish to offer products or use any supplies, equipment, or services that we have not approved or wish to purchase from a supplier or service provider that we have not approved, whether or not we approve the item, service, product, or service provider.
Local Cooperative	The then current Local Cooperative Contribution, which is currently $1,650 per Territory per year. This amount is subject to change as determined by the cooperative members.	Quarterly payments via ACH in advance or as otherwise required by us.	We reserve the right to establish Local Cooperatives with Franchisees. Bylaws will be established by us at the relevant time. Payments are determined by majority vote of the cooperative members. If there is

			an Affiliate-Owned Franchised Business in your Cooperative, then our Affiliate will be able to vote on all matters that you and the other Cooperative members have the right to vote on.
Local Area Marketing Requirement (LAM Requirement)	A minimum of 1% of monthly Gross Revenue for a Mobile Unit. A minimum of 2% of monthly Gross Revenue when you transition to a Retail Location.	Monthly	You must spend a minimum of 1% of Gross Revenue each month on Local Area Marketing (LAM). We may recommend a higher spend to reflect market conditions. Local Marketing may include, among other things, marketing, digital marketing, social media advertising, search engine marketing, print advertising, direct mail, community sponsorships, promotions, public relations activity and other advertising or promotional programs that we authorize from time to time. You must maintain records and provide documentation to us upon request demonstrating your compliance with the LAM Requirement. The LAM Requirement is in addition to your Brand Fund Contribution.
Audit Costs	Our costs and expenses, including costs for an independent accountant and attorneys' fees and related travel and living expenses.	Within five (5) days of demand.	Payable if an audit or review shows an understatement of Gross Revenue for the audited or reviewed period of two percent (2%) or more.
Renewal Fee	$12,500, plus all associated costs incurred by us.	Upon execution of a successor franchise agreement.	You are obligated to pay a Renewal Fee for each and every Franchised Business you wish to renew.
Transfer Fee	The amount of the transfer fee depends on the type of transfer. The transfer fee in connection with either (i) simply transferring shares between the existing owners or	Prior to transferring the Franchised Business.	You are obligated to pay a transfer fee if you transfer the Franchise Agreement or transfer the ownership interest of the franchisee entity listed in the Franchise Agreement.

	adding a new shareholder that does not change the majority ownership in the franchisee entity, or (ii) transferring the franchise from the owners to their entity, is $1,500. The transfer fee in connection with a transfer to a current franchisee is $7,500. The transfer fee in connection with a transfer to a new franchisee is $10,000. In addition to the transfer fees above, you are responsible for any third-party fee in connection with the transfer.		
System Modifications	All actual costs and expenses associated with system modification	As required	If we make changes to our franchise System, you must adapt your business to conform to the changes. Examples may include new equipment, software, or construction materials. These may be paid to the franchisor or a third-party supplier we designate.
Late Fee and Interest	The lesser of (i) eighteen percent (18%), and (ii) the maximum interest rate allowed by law from the due date of payment.	When amount owed becomes past due.	Required whenever a payment to us or our affiliate(s) is made after its due date.
Insufficient Funds	$60.	As required	An insufficient funds fee is due any time an EFT withdrawal is denied due to insufficient funds in your account.
Additional Training	If you elect to send an additional participant to Initial Training we may charge $500 per person. We may charge $500 per day per trainer, plus travel and related expenses if our trainer travels to you for additional training.	Upon demand	You may be required to pay this fee in connection with any additional training programs that we or you may require attendance as well as any remedial training or training you request to occur in your Territory.

Temporary Designated Manager; Temporary Management Assistance	$500 per employee or agent for each full or partial day, plus their travel and living expenses	Upon demand	Payable if we provide a Designated Manager to work at your Franchised Business after the departure of your previous manager, until a new Designated Manager is hired and trained. If you breach your Franchise Agreement or following the death or incapacity of an owner of the franchise, the franchisor may temporarily manage your franchised business.
Insurance	Amount of unpaid premiums plus our expenses for obtaining the policies required.	Upon demand	Payable only if you fail to maintain the minimum insurance we require and we choose to procure the required insurance for you.
Indemnification	Amount of our liabilities, fines, losses, damages, costs, and expenses (including reasonable attorneys' fees).	Upon demand.	Payable if we incur losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Franchised Business.
Enforcement Expenses	Our actual cost of de-identifying your Franchised Business or engaging counsel or other third parties to enforce the Franchise Agreement and require you to comply with the post-term obligations on your behalf.	Upon demand.	Payable if you are in default of your Franchise Agreement or if Franchise Agreement expires or is terminated and you fail to de-identify (or comply with other post-term obligations) for your Franchised Business and we take steps to do so or otherwise enforce the Franchise Agreement.

Explanatory Notes:

1. General. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party. All fees and expenses described in this Item 6 are non-refundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us or our affiliates and are fully earned upon receipt by us or our affiliates.

   Manner of Payment. With the exception of the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the "EFT Program"), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the "EFT Account"). You must immediately deposit all revenues from the operation of your Franchised

Business into this bank account within two (2) days of receipt, including cash, checks, and credit card receipts. Upon execution of the Franchise Agreement, you must provide us with: (i) your bank's name, address, and account number; and (ii) a voided check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account. We reserve the right to require you to pay any fees due under the Franchise Agreement by other means as we may specify from time to time. If any Gross Revenue Report has not been received within the required time period, then we may process an electronic funds transfer for the subject month based on the most recent Gross Revenue Report you submitted, provided, that if a Gross Revenue Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then we may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then we will credit the excess amount to the payment of your future obligations.

2. Gross Revenue. "Gross Revenue" means all revenue Franchisee receives or otherwise derives from operating the Franchised Business, whether from cash, check, credit or debit card, or other credit transactions. If Franchisee receives any proceeds from any business interruption insurance applicable to loss of revenue at the Franchised Business, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to Franchisee in connection with Franchisee's purchase of products or supplies or its referral of customers. Gross Revenue does not include (i) any bond fide returns and credits that are actually provided to customers, (ii) any sales or other taxes that Franchisee collects from customers and pays directly to the appropriate taxing authority, or (iii) rebates negotiated by us and paid directly to the Franchised Business by Approved Suppliers. Franchisee may not deduct payment provider fees (i.e., bank or credit card company fees and gift card fees) from its Gross Revenue calculation.

Certain fees are subject to periodic increases based on changes in the Consumer Price Index ("CPI"). "CPI" means the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index. Unless otherwise stated, any CPI-based increase will be calculated based on the percentage increase in the CPI between the most recently published CPI prior to the adjustment date and the CPI published for the corresponding period in the preceding year.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

A. MOBILE UNIT

TYPE OF EXPENDITURE (NOTE 1)	AMOUNT (LOW)	AMOUNT (HIGH)	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 2)	$49,500	$49,500	Lump sum	Upon execution of the Franchise Agreement	Us
Vehicle Branding (Note 3)	$1,500	$3,500	As incurred	As incurred	Third-party Suppliers
Office Equipment and Supplies (Note 4)	$0	$2,000	As incurred	As incurred	Third-party Suppliers
Computer Hardware, Software & Technology (Note 5)	$2,000	$4,000	Lump sum	As incurred	Us, or affiliates and third-party Suppliers
Business Licenses & Permits (Note 6)	$500	$4,000	As incurred	As incurred	Local jurisdictions
Professional Fees (Note 7)	$1,000	$5,000	As incurred	As incurred	Attorneys, accountants, and business advisors
Opening Inventory (Note 8)	$10,000	$13,000	Lump sum	Upon execution of the Franchise Agreement	Us, or affiliates, and third-party Suppliers
Insurance (Note 9)	$2,000	$4,000	As incurred	As incurred	Insurance companies
Initial Training Fee	$2,000	$2,000	Lump sum	Upon execution of the Franchise Agreement	Us
Cost and Living Expenses While Training (Note 10)	$500	$4,000	As incurred	As incurred	Airlines, hotels, and restaurants
Launch Marketing (Note 11)	$10,000	$10,000	Lump sum	Upon execution of the Franchise Agreement	Us
Convention Fee	$3,525	$3,525	Lump sum	Upon execution of the Franchise Agreement	Us
Equipment Used in Business Operations (Note 12)	$7,500	$7,500	As incurred	As incurred	Us, or affiliates and third-party Suppliers
Uniforms	$375	$500	Lump sum	Upon execution of the Franchise Agreement	Us, or affiliates and third-party Suppliers
Vehicle Cost	$5,000	$8,000	As incurred	As incurred	Suppliers

(Note 13)					
Additional Funds (3 Months) (Note 14)	$10,000	$20,000	As Incurred	As Incurred	Suppliers and third parties
TOTAL (Note 15)	**$105,400**	**$140,525**			

Explanatory Notes:

1. Generally. All fees and payments described in this Item 7 are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on a number of factors, including market condition and the geographic location of your Franchised Business.

2. Initial Franchise Fee. Upon execution of your Franchise Agreement, you must pay us an Initial Franchise Fee equal to $49,500, which you must pay in a lump sum. The Initial Franchise Fee is non-refundable and deemed fully earned upon execution of your Franchise Agreement. As a member of the International Franchise Association's VetFran program, qualified veterans will receive a 10% discount on the Initial Franchise Fee for the first Franchised Business in recognition of service to this country. This discount cannot be combined with any other promotion, incentive, or discount.

3. Vehicle Branding. This estimate includes the signage for one vehicle and will vary based on the size of the vehicle.

4. Office Equipment and Supplies. This estimate includes the cost of purchasing miscellaneous office supplies for the initial set up of the Franchised Business.

5. Computer Hardware, Software & Technology. This estimate includes the cost of purchasing our required hardware, software & technology from Approved Suppliers or us.

6. Business Licenses and Permits. You must acquire a general business license as well as any contractor or specialty licenses required by your state or federal agency.

7. Professional Fees. This estimate is for the cost of engaging an attorney, accountant, or other business advisors to assist you in reviewing this Franchise Disclosure Document, the Franchise Agreement, and any other contracts that you enter into relating to the Franchised Business.

8. Opening Inventory. This estimate represents the approximate cost of inventory that you are required to purchase from us or our Approved Suppliers during the initial period of operations. Amounts shown do not include sales tax or shipping costs.

9. Insurance. This estimate is for the cost of the initial three (3) month period for your business and commercial automobile insurance. You will need to check with your insurance carrier for actual premium quotes and costs, as well as for the actual amount of the deposit. The cost of coverage will vary based upon several factors, including the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of your carrier, the amount of deductibles and coverage, and other factors beyond our control.

10. Costs and Living Expenses while Training. This estimate is for your travel, lodging, and other expenses for initial training in Texas. This estimate is for you and one (1) additional person to attend the Initial Training Program. Please see Item 11 of this Franchise Disclosure Document for additional information.

11. Launch Marketing. This investment funds the marketing, advertising, digital, and client acquisition activities required to launch and establish your new Poolwerx business. Franchisees are required to invest at least $10,000 towards the launch marketing initiatives, which will be paid to us.

    These funds build brand awareness and establish a client base within your territory. You must spend at least the minimum amount stated in the estimate. Launch Marketing activities may commence up to two (2) weeks prior to opening and continue for the first twelve (12) months of operation.

    You will develop your Launch Marketing Plan in consultation with Poolwerx. All funds must be used in accordance with the approved Launch Marketing Plan. Poolwerx will administer the plan and may, at our discretion, modify it to ensure alignment with brand standards and marketing strategy and overall system performance.

    You must maintain and provide supporting documentation of all marketing expenditures and share this upon our request. This estimate does not include the fee for the Brand Fund (3% of Gross Revenue).

12. Equipment Used in Business Operations. This estimate represents the operational equipment and tools used in the Franchised business and must only be purchased from Approved Suppliers, prior to the commencement of the Franchised Business.

13. Vehicle Cost. This is the initial cost for one new or used white vehicle. If used it must not be older than 5 years and void of any damage. The cost for one vehicle will vary depending on the make, model, year, or whether you elect to buy or lease the vehicle. The minimum cost is an estimate of the down payment and lease/finance charge for a three-month period. All Franchised Businesses are required to have a white van or truck as their primary operating vehicle. If selecting a van, the current required models are (i) Ford Transit T250, (ii) Chevy Express, or (iii) Ram Promaster 2500. If selecting a truck, the current required models are (i) Nissan Frontier King Cab, (ii) Chevy Colorado Extended Cab, or (iii) Ford Ranger. Any alternative vehicle will need to be approved by us. The vehicle is required to be fully wrapped by an Approved Supplier and must adhere to brand standards. The fit-out of the vehicle must include protective and functional upgrades to include storage racks, protective coating i.e. rhino liner, and bed mounted storage unit to safely transport chemicals and improve usability. You are only required to secure one vehicle initially; however, you must secure additional vehicles to keep up with the demand in your Territory.

14. Additional Funds (3 Months). The additional funds estimate of $10,000 to $20,000 is for a period of at least three (3) months and is based on an owner-operated business. Poolwerx estimates that, in general, you may expect to put additional cash into the business during the first three (3) months of operations, and sometimes longer. This estimate includes ongoing fees that you will be required to pay throughout your operation of the Franchised Business such as Royalty Fees, additional local marketing investment expenses, Brand Fund contribution, Technology Fees, etc. These estimates are based on our experience in offering and selling franchises, and the experience of our franchisees in operating their Franchised Businesses.

15. Total. These estimates are based on our experience in offering and selling franchises, as well as the

experience of our existing franchisees and estimates we have received from third-party suppliers. We do not directly or indirectly offer financing for your initial investment.

B. RETAIL LOCATION

TYPE OF EXPENDITURE (NOTE 1)	AMOUNT (LOW)	AMOUNT (HIGH)	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 2)	Not applicable	Not applicable	Not Applicable	Not Applicable	Not Applicable
Leasehold Improvements (Note 3)	$25,000	$50,000	As incurred	As incurred	Contractors
Lease and Utility Security Deposits (Note 4)	$3,000	$8,000	As incurred	As incurred	Landlord and Utility Companies
Signage (Note 5)	$10,000	$15,000	As incurred	As incurred	Third-party Suppliers
Furniture and Fixtures (Note 6)	$40,000	$60,000	As incurred	As incurred	Affiliates and third-party Suppliers
Office Equipment and Supplies (Note 7)	$500	$5,500	As incurred	As incurred	Third-party Suppliers
Computer Hardware, Software & Technology (Note 8)	$4,000	$7,000	Lump sum	As incurred	Us, affiliates and third-party Suppliers
Business Licenses & Permits (Note 9)	$500	$2,000	As incurred	As incurred	Local jurisdictions
Professional Fees (Note 10)	$4,000	$6,000	As incurred	As incurred	Attorneys, accountants, and business advisors
Opening Inventory (Note 11)	$30,000	$40,000	Lump sum	Upon execution of the Franchise Agreement	Third-party Suppliers
Insurance (Note 12)	$3,000	$5,000	As incurred	As incurred	Insurance companies
Launch Marketing (Note 13)	$15,000	$20,000	Lump sum	Upon execution of the Franchise Agreement	Third-party Suppliers
Equipment Used in Business Operations (Note 14)	$3,000	$6,000	As incurred	As incurred	Third-party Suppliers
Uniforms	$500	$750	Lump sum	Upon execution of the Franchise Agreement	Us, affiliates and third-party Suppliers
Rent (3 Months)	$9,000	$24,000	As incurred	As incurred	Landlord

(Note 15)					
Additional Funds (3 Months) (Note 16)	$24,000	$48,000	As Incurred	As Incurred	Suppliers and third parties
TOTAL (Note 17)	**$171,500**	**$297,250**			

Explanatory Notes:

1. Generally. All fees and payments described in this Item 7 are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on a number of factors, including market condition and the geographic location of your Franchised Business. As noted in Item 1, you will establish and operate a Mobile Unit. After purchasing a Mobile Unit, you are required to develop your Retail Location within 36 months of when you sign the Franchise Agreement. Accordingly, the timing for the Retail Location costs may vary.

2. Initial Franchise Fee. Because you already paid the Initial Franchise Fee upon execution of the Franchise Agreement, which is represented in Table 7(A) above, you are not required to pay a second or any additional Initial Franchise Fee.

3. Leasehold Improvements. This estimate assumes the premises are a "vanilla" shell, having finished walls, finished slab, air-conditioning, base lighting and ceilings. If the premises are not "vanilla", leasehold improvement costs may significantly vary depending on factors such as the location, the square footage, the condition of the premises, and the extent of the alterations required for the premises. The typical size for the Retail Location is between 1,000 - 2,000 sq. ft. You may be able to negotiate with your landlord to obtain a tenant improvement allowance whereby your landlord will give you a sum of money upon or following the execution of your lease for you to use for leasehold improvements.

4. Lease and Utility Security Deposits. This estimate includes prepaid rent and deposits payable to the landlord but does not include monthly rent. This estimate also includes any deposits on utilities required to open the Retail Location.

5. Signage. The estimate for signage includes one (1) illuminated exterior sign and graphics on your Retail Location, displays, and signage throughout the Retail Location.

6. Furniture and Fixtures. This estimate includes the cost of furniture and fixtures required in your Retail Location, such as counter, cabinets, shelving, slatwalls, salt bays, gondolas, window box, and dump bin, as examples.

7. Office Equipment and Supplies. This estimate includes the cost of purchasing miscellaneous office supplies for the initial set up of the Franchised Business.

8. Computer Hardware, Software and Technology. This estimate includes the cost of purchasing our required computer hardware, software and technology from Approved Suppliers or us.

9. Business Licenses and Permits. You must acquire a general business license as well as any specialty license required by your state or federal agency.

10. Professional Fees. This estimate is for the cost of engaging an attorney or other business advisors to assist you in reviewing the lease for the Retail Location and any other contracts that you enter into relating to the Franchised Business.

11. Opening Inventory. This estimate represents the approximate cost of inventory that you are required to purchase from our Approved Suppliers during the initial period of operations.

12. Insurance. This estimate is for the cost of the initial three (3) month period for your business. You will need to check with your insurance carrier for actual premium quotes and costs, as well as for the actual amount of the deposit. The cost of coverage will vary based upon several factors, including the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of your carrier, the amount of deductibles and coverage, and other factors beyond our control.

13. Launch Marketing. This investment funds the local area marketing, advertising, digital, and client acquisition activities required to launch and establish your new retail location. Franchisees are required to invest a minimum of $15,000 to $20,000, reflecting the broader requirements to establish a retail presence within the Territory. Launch Marketing activities may commence up to two (2) weeks prior to opening and continue through the first twelve (12) months of operation.

    These funds are used to build local brand awareness and grow the client base within your Territory. You must spend at least the minimum amount stated in the estimate, including grand opening advertising and promotional events, which form part of your initial 12-month local marketing program. Your Launch Marketing Plan will be developed in consultation with Poolwerx and must align with Poolwerx brand standards and marketing strategy and overall System performance.

    All funds must be used in accordance with the approved Launch Marketing Plan. You are required to maintain supporting documentation of all marketing expenditures and provide this upon request. This estimate does not include contributions to the Brand Fund (3% of Gross Revenue).

14. Equipment Used in Business Operations. This estimate represents the operational equipment used in the Franchised Business and must be purchased from Approved Suppliers only, prior to the retail opening.

15. Rent. This estimate represents rent for your Retail Location for the first three months.

16. Additional Funds (3 Months). The additional funds estimate of $24,000 to $48,000 is for a period of three (3) months. We estimate that, in general, you may expect to put additional cash into the business during the first three (3) months of operations, and sometimes longer. This estimate includes ongoing fees that you will be required to pay throughout your operation of the Franchised Business such as Royalty Fees, additional local marketing investment expenses, Brand Fund contribution, Technology Fees, etc. This also may include miscellaneous supplies. These estimates are based on our experience in offering and selling franchises, and experience of our franchisees in operating their Franchised Businesses.

17. Total. These estimates are based on our experience in offering and selling franchises, as well as the experience of our existing franchisees and estimates we have received from third-party suppliers. We do not directly or indirectly offer financing for your initial investment.

C. TOTAL INVESTMENT (MOBILE UNIT AND RETAIL LOCATION)[1]

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Investment to Open Mobile Unit[2]	$105,400 to $140,525	See Item 7, Chart A		
Initial Investment to Open Retail Location[3]	$171,500 to $297,250	See Item 7, Chart B		
Total[4]	**$276,900 to $437,775**			

__Explanatory Notes__

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

2. Initial Investment to Open Mobile Unit. This figure represents the total estimated initial investment required to open the Mobile Unit under your Franchise Agreement (see Item 7(A) Chart above for additional details).

3. Initial Investment to Open Retail Location. This figure represents the total estimated initial investment required to open the Retail Location under your Franchise Agreement (see Item 7(B) Chart above for additional details).

4. Total. This figure represents the total estimated initial investment to open both the Mobile Unit and the Retail Location. As noted in Item 1, you will establish and operate a Mobile Unit. After purchasing a Mobile Unit, you are required to develop your Retail Location within 36 months of when you sign the Franchise Agreement. Accordingly, the timing for the Retail Location costs may vary.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business in conformance with our methods, standards, and specifications, which we prescribe in our confidential and proprietary operations manual (the "Operations Manual"), and various other confidential manuals, writings, and other information prepared by us for your use in operating a Franchised Business which are provided in the Operations Manual or other means. We may periodically change our standards and specifications at our sole discretion, and you must comply with all changes.

Approved Products and Approved Services

All Approved Products, Approved Services, vehicles, vehicle wrap, supplies, equipment, tools, uniforms, marketing investment and promotional materials, computer hardware and software, inventory, financial advisory services, bookkeeping services, third party marketing consultancy services and other advisory services used by you in connection with the Franchised Business must meet our then-current System standards and specifications, including but not limited to branding requirements (including color, packaging, and label requirements), which we will establish and modify at our discretion. You may incur an increased cost to comply with such changes at your own expense.

We reserve the right to require you to purchase any of the items or services necessary to establish and operate your Franchised Business in accordance with our standards and specifications and/or from an Approved Supplier, from us, our affiliate(s), or our designated suppliers.

If we revoke approval of the previously Approved Products that you have been selling, you may continue to sell the product only from your existing inventory for up to 60 days following our disapproval or by the effective date specified in writing by us. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation, the reputation of our brand or to our Marks. After the expiration of this period, you must dispose of your remaining formerly approved inventory as we direct.

You must offer for sale all Approved Products and Approved Services which we prescribe and only those products and services which we prescribe. You may not offer any other products or services for sale without having received our prior written authorization. You must maintain sufficient levels of inventory, equipment, and personnel, as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use, and sell all private label products which we may now or in the future designate for sale by System franchisees.

Approved Suppliers; Required Suppliers

Presently, neither we nor our affiliates are Approved Suppliers for any goods/services. However, both us and our affiliates may serve as the "middleman" for certain good/services, such as the opening inventory, launch marketing, opening equipment, uniforms, furniture, and fixtures, where we will collect the payment from your and place the order on your behalf.

We have the right to require that products, supplies, equipment (including without limitation vehicles), and services that you purchase for resale or purchase or lease for use in your Franchised Business: (i) meet specifications that we establish from time to time; and/or (ii) be purchased or leased only from suppliers or services providers that we have expressly approved; and/or (iii) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates).

You must engage a reputable third-party bookkeeper approved by us or receive our prior written consent if you want to act as your own bookkeeper. We reserve the right to designate additional products and services in the future that you must purchase from Approved Suppliers.

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase product samples and other supplies, services, computer hardware and software, and other equipment from us or from approved or designated suppliers that we will specify, from time to time, in the Operations Manual and otherwise in writing (each, an "Approved Supplier"). We, our affiliate or a designated third party, may be one of several, or the only, Approved Supplier of any item. We and our affiliates have the right to realize a profit or otherwise derive revenue from any products or services that we, our affiliates or our Approved Suppliers supply and/or provide to you.

We may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that you are required to purchase from only that supplier (each a "Required Supplier"). These Required Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with our proprietary standards and specifications or private label goods that we have authorized and prescribed for sale by System Franchised Businesses. You recognize that such products and services are essential to the operation of your Franchised Business and to the System generally. Your failure to pay Required Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System Franchised Businesses' inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay Required Suppliers as and when due. You must use products purchased from Approved Suppliers solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

Ownership Interest in an Approved Supplier / Revenue Derived from Purchases and Leases

Except where we are the Approved Supplier for items you must purchase, none of our officers own any interest in any supplier with whom you are required or recommended to do business.

We have entered into agreements with several Approved Suppliers pursuant to which we or our affiliate will receive rebates on sales made to franchisees ranging from 0% to 8% of the supplier's customary retail prices. In some instances, the rebate may be based upon the cost of the items purchased, with such rebates ranging from $30 to $200. In some cases, the rebates will be paid to the Brand Fund, not to us or our affiliates.

During the fiscal year ending December 31, 2025, we collected and retained rebates and allowances totaling $730,532 from Approved Suppliers based on franchisee purchases, which is 16% of our total revenue of $4,581,912. This information was obtained from our 2025 fiscal year audited financial statements.

Except as provided above, we and our affiliates currently do not derive any other revenue or other material consideration from any of your required purchases or leases of equipment, products, and supplies but, as noted in Item 5, we do sometimes act as the purchasing agent on a "pass through" cost basis for certain initial equipment, computer systems, supplies and other items. We and our affiliates reserve the right to receive additional rebates in the future from current or new Approved Suppliers and/or charge a fee or markup for our purchasing agent services. We currently use vendor rebates to market the network, provide training to franchisees and to subsidize the cost of the convention, but we reserve the right to retain any rebates or other payments we receive from suppliers or you and use them as we deem appropriate at our sole discretion.

Your obligations to purchase certain products or services from us or our Approved Suppliers, and to purchase goods, services, supplies, fixtures, equipment, computer hardware and software, training and real estate that meet our specifications, are considered "Required Purchases." We estimate that your Required Purchases will account for approximately 80% or more of your total costs incurred in establishing your Franchised Business, and approximately 80% or more of your ongoing costs to operate the Franchised Business after the initial start-up phase.

Alternative Product or Supplier Approval

If you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us with the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, with a sample of the item you wish to purchase. We are not required to approve any particular product or supplier. We may base our approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we consider necessary or desirable in our System as a whole, as well as the maintenance of our Confidential Information. We have the right to receive payments from suppliers on account of their dealings with you and other Franchised Businesses and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We are not required to approve an unreasonable number of suppliers for a given item if we believe that such approval may result in higher costs or prevent the effective or economical supervision of Approved Suppliers.

You will be required to pay us our actual costs of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs.

We will use reasonable efforts to notify you in writing if your request is approved or denied within 90 days of: (i) our receipt of all supporting information from you regarding your request; and (ii) our completion of any necessary inspection or testing associated with your request. If we do not provide written approval within this time period, then your request will be denied.

Our criterion for approving suppliers is available to you. We will provide your proposed supplier or provider with our standards and specifications, along with any updates/modifications, for the item that you wish the third-party to supply, provided that third-party executes our required non-disclosure agreement form. Each supplier that we approve of must comply with our requirements regarding insurance, indemnification, and non-disclosure. If we approve any supplier, you may enter into supply contracts with that third party, but under no circumstances will we guarantee your performance of any supply contract. We may re-inspect and revoke our approval of particular products or suppliers if we determine that such products or suppliers no longer meet our standards.

We do not provide any material benefit to you if you buy from sources we approve, but we may default you under (or terminate) your Franchise Agreement, or otherwise deny your request to renew these agreements, based on your failure to make required purchases from our Approved Suppliers or otherwise in accordance with our standards and specifications.

Retail Location

We must formally review and approve all proposed retail locations to ensure they align with Poolwerx site selection criteria. Your proposed Retail Location will be evaluated on criteria such as location within territory, serviceability of clients, size, and cost. Furthermore, all stores must strictly adhere to mandated standards and specifications for design, fit-out, and layout to maintain brand consistency.

Marketing, Advertising and Promotional Materials

You must obtain our prior written approval for all self-generated marketing, advertising, promotional, and digital materials before publication or use.

All such materials must align with Poolwerx brand standards and marketing guidelines and be solely directed toward your Territory, unless otherwise authorized by us.

Insurance

You must purchase and maintain, at your own expense, insurance covering the operation and location of your Franchised Business. You must purchase the required insurance before opening your Franchised Business or upon signing a lease for the Retail Location. The limits described below are the minimum amounts that you are required to purchase. If you sign a lease or contract that requires a higher amount than provided below, then you must obtain the higher level of coverage under the terms of the lease or contract. If you sign a lease or contract that does not require as much coverage, you must still purchase enough insurance to meet our requirements.

You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify it. If you fail to secure insurance coverage, we may secure it for you and charge you our actual costs to obtain such insurance on your behalf. All insurance policies required under your Franchise Agreement and as must be written by a responsible carrier, reasonably acceptable to us, and all insurance (excluding workers' compensation) must name Poolwerx Franchise Management, LLC as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to us at the earlier of 90 days after the Effective Date of the Franchise Agreement or prior to the commencement of our Initial Training Program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth below, in the Franchise Agreement, and as may be updated in the Operations Manual from time to time. You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business.

Presently, our insurance requirements are as follows and are subject to change (refer Operations Manual):

A. General Liability Insurance (minimum of $1,000,000 per occurrence and $2,000,000 in the aggregate);
B. Workers Compensation Insurance (as required by applicable state law where the Franchised Business is located);
C. Commercial Automobile Insurance – for hired vehicles or non-owned or leased vehicles – at least $1,000,000, for owned vehicles or leased vehicles – full comprehensive and collision insurance to include coverage for vehicle customization, fixtures or fittings, including signage;
D. Property in Transit Insurance – loss or damage to inventory; equipment or fittings;
E. Sickness or accident in relation to you and/or your Manager;
F. Cyber Liability Insurance (minimum of $25,000 per occurrence and in the aggregate), and
G. All other insurance that we require in the Operations Manual or that is required by law or by the lease or sublease for the Franchised Business.

We must approve all insurance carriers in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of AM Best's Insurance Reports. Our acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. You must carry insurance required by the lease of your Approved Location or by any of your lenders or equipment lessors and such workers' compensation insurance as may be required by applicable law.

Computer Hardware, Software and Technology

You must purchase any computer hardware, software and peripherals that meet our System standards and specifications. You will be required to use software that we designate and provide us with access to the same. Please see Item 11 of this disclosure document for additional information regarding our computer hardware and software purchasing requirements.

Professional Services

We may require you to engage an approved accountant to provide financial and/or bookkeeping services for your Franchised Business. We may also require you to retain a professional for OSH & HR and marketing consultancy services. We also may require you to engage an attorney to review your lease or purchase agreement for the premises of a Retail Location that we have accepted and to supply us with reasonable documentation in connection with such review.

Purchasing and Distribution Cooperatives; Rebate Programs

We are a party to a purchasing cooperative, with whom we work with to provide improved buying power for our franchisees. In addition, we may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees and/or to promote a consistent range of goods and services available across the system. As of the Issuance Date of this Franchise Disclosure Document, we and our affiliates have negotiated supply agreements with our Approved Suppliers for the following goods and services: pool and spa equipment and chemicals, associated parts and accessories, mobile service vehicles and identifying decals, retail location signage, all mandated proprietary and third-party software systems and bookkeeping services.

ITEM 9
FRANCHISEE'S OBLIGATIONS

The 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 Franchise Agreement	Item of Disclosure Document
a. Site Section and acquisition/lease	7.1	Items 7, 11 and 12
b. Pre-opening purchases/ leases	7.1, 7.3, 7.4, and 7.8	Items 7 and 8
c. Site development and other pre-opening requirements	7.1, 7.1.2, and 7.3	Items 6, 7, 8 and 11
d. Initial and ongoing training	7.2 and 8	Item 11
e. Opening	7.3	Item 11
f. Fees	2.2.9, 3, 12.3, 14.3.2.7, 14.3.2.8, and 22.8	Items 5, 6, 7, and 11
g. Compliance with standards and policies/operations manual	6, 7.4 through 7.10, 7.13, 7.14, 7.15 and 7.17	Item 8 and 11
h. Trademarks and proprietary information	4, 5, 7.8 and 7.14	Items 13 and 14

i. Restrictions on products/ services offered	1.2 through 1.6, 7.4 and 7.5	Item 8, 12 and 16
j. Warranty and customer service requirements	7.18	Item 15
k. Territorial development and sales quotas	7.20	Items 12 and 17
l. Ongoing product/service purchases	7.4 and 7.5	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	7.1.2, 7.15, and 7.17	Items 6, 8 11, 12
n. Insurance	9	Items 7 and 8
o. Advertising	12	Items 6 and 11
p. Indemnification	13.2	Item 6
q. Owners' participation/ management/staffing	7.6.3 through 7.6.5, and 7.10	Items 11 and 15
r. Records and reports	10 and 11	Item 6
s. Inspections and audits	7.7 and 11	Items 6 and 11
t. Transfer	14	Item 17
u. Renewal	2.2	Item 17
v. Post-termination obligations	16.1 and 17.2	Item 17
w. Noncompetition covenants	17	Item 17
x. Dispute Resolution	18	Item 17

ITEM 10
FINANCING

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

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

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

A. Pre-Opening Obligations.

Before you open your Franchised Business, we will define your Territory. (Franchise Agreement, Section 1.2).

After you sign your Franchise Agreement:

1. We will provide you with general site selection guidelines for the Retail Location and general specifications and standards, including any specific requirements. (Operations Manual)

2. We will provide Initial Training in the System and our policies and procedures to your required trainee(s). (Franchise Agreement, Section 8).

3. We will provide you with either a written copy or electronic access to our Operations

Manual and other manuals, on loan as long as the Franchise Agreement or successor franchise agreement remains in effect. The table of contents for the Operations Manual is attached as Exhibit G to this Franchise Disclosure Document. The Operations Manual is currently 480 pages. (Franchise Agreement, Section 6.1).

4. We will also provide you with a list of Approved Suppliers, Required Suppliers, and recommended suppliers (as applicable) as well as a list of equipment/inventory that you will need to operate your Franchised Business. We do not deliver or install any of these tools or pieces of equipment. (Franchise Agreement, Section 6.2).

5. We will approve your Mobile Unit opening as well as your Retail Location Opening, provided that you have met all of our requirements for opening, including completion of Initial Training, obtaining a vehicle that meets our requirements, and purchasing the necessary inventory and equipment. (Franchise Agreement, Section 7.1).

Before you open the Franchised Business, we:

1. Will provide advice and guidance, as we deem necessary in our sole discretion, in preparing to open your Franchised Business, including standards and procedures for obtaining inventory and supplies, providing Approved Services and selling Approved Products, advertising, and promoting the business and otherwise operating the Franchised Business during the start-up phase. (Franchise Agreement, Section 6).

B. Training.

Initial Training. You (or your Manager) (the "Required Trainee(s)") must attend and satisfactorily complete our Initial Training Program before you open your Franchised Business. Successful completion of the Initial Training Program is determined by you completing each portion of the Initial Training Program highlighted in the table below.

Initial Training currently consists of approximately 11 days of training to be held at our office in Farmers Branch, Texas, and other location(s) designated by us, prior to your opening You will be required to complete 21 hours of online training modules prior to attending Initial Training. We will provide instructors, facilities, and materials for the Initial Training Program at a fee of $2,000, provided that all Required Trainees are trained during the same training session. We reserve the right to charge the Initial Training Fee of $2,000 (or a lesser amount) for training persons who are repeating the course or replacing a person who did not pass and for subsequent Managers or employees who attend the course. You are responsible for any travel and living expenses, wages, and other expenses incurred by your trainees during the Initial Training Program or any other training programs. The Initial Training Program will be provided as soon as practical after you sign your Franchise Agreement, but we do not maintain a specific deadline for you to complete initial training after signing your Franchise Agreement or before you open your Franchised Business, but you will not receive approval to open until you have completed training and you do have an opening deadline in your Franchise Agreement.

Our Initial Training Program currently consists of the following (which is subject to change from time to time at our discretion):

INITIAL TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	INSTRUCTOR	LOCATION
Technical	54	Wayne Kamper: Wayne has been in the pool industry for over 30 years and is a Pool and Hot Tub Alliance Certified Instructor. He has been employed by Poolwerx since August 2022.	At our headquarters or such other place within the United States we designate.
Information Technology (IT)	4	Stephanie Hernandez: Stephanie joined Poolwerx in April 2026. She has over 20 years' experience in leadership, training, customer service and coaching.	At our headquarters or such other place within the United States we designate.
Supply	1	Sidner Nyaboga: Sidner joined Poolwerx in February 2022 and serves as the Supply Chain Director. She has over 10 years of industry experience, overseeing national supply chain operations.	At our headquarters or such other place within the United States we designate.
Marketing	3	Brooke Salinas: Brooke joined Poolwerx in April 2026 and serves as the Director of Marketing. She is a professional with 20 years' experience in consumer and franchise development marketing. .	At our headquarters or such other place within the United States we designate.
Franchise/Business	2.5	Marla Mock Marla has been our Chief Operating Officer since March 2026. She has worked in franchising for the past 20+ years holding executive roles across 4 home services brands to include VP of Operations and President.	At our headquarters or such other place within the United States we designate.
Supply and Procurement	7	Various Vendors	At our headquarters or such other place within the United States we designate.
Biz 101 & Admin	.5	Jack White Jack joined Poolwerx in March 2025 and serves as the Financial Controller. He has over 11 years of experience in Controller roles in multiple industries.	At our headquarters or such other place within the United States we designate.
TOTAL	**72**		

We may use manuals, Power Point presentations, online videos and tutorials, a learning management system, and other materials as instructional materials in our Initial Training Program and other training programs. The instructors for our Initial Training Program and other training programs all have experience working with us or similar businesses. Any training instructor will have at least 1 year of experience in the topics being taught. We may also use certain suppliers and current franchisees to assist in the Training Program.

Your Required Trainee(s) must successfully complete the Initial Training Program at least three (3) days before opening your Franchised Business. We will determine, at our discretion, what constitutes successful completion of the program. If your Required Trainee(s) are unable to successfully complete, in our sole discretion, the Initial Training Program for any reason, your Required Trainee(s) must repeat the Initial Training Program, or you must send replacement Required Trainee(s) to complete the Initial Training Program. If your Required Trainee(s) have not, in our sole discretion, successfully completed the Initial Training Program at least three (3) days before the opening of your Franchised Business, we may terminate the Franchise Agreement, in which case we will not refund any initial fees paid by you.

Additional Training

We may periodically conduct mandatory or optional training programs for your Required Trainee(s) and/or your employees at our office or another location that we designate. We may charge you our then-current training fee for optional training programs. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine. We may require your Required Trainee(s) or employees to satisfactorily complete any additional training programs that we specify. We reserve the right to require your Required Trainee(s) to participate in up to five (5) days of refresher or advanced training each year.

If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals, we may, in addition to all of our other rights and remedies, assign trainers to the Franchised Business to retrain Franchised Business employees and restore service levels and/or require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate. We may charge a reasonable fee for each trainer assigned to your Franchised Business and any remedial training.

Training by You

You and/or your Manager are responsible for training all of your other employees in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your employees or other personnel in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters or pay for our costs and expenses to send one of our representatives to train them at your Franchised Business.

C. Time to Open.

You must begin operating your Mobile Unit as soon as you sign your Franchise Agreement, secure all applicable and necessary licenses, obtain insurance, complete Initial Training, and pay all upfront fees. At a maximum, your Mobile Unit must be operating within sixty (60) days of signing your Franchise Agreement and completion of Initial Training. We estimate that the typical length of time between signing a Franchise Agreement and our approval of a Retail Location site and your opening of the Retail Location is approximately 36 months. Notwithstanding the foregoing, if the Franchise Agreement is entered into by (i) a transferee where the transferor operated as a Mobile-Unit only franchisee, or (ii) a current franchisee that operates as a Mobile-Unit only franchisee that is renewing their franchise agreement, the 36-month period to secure the Retail Location shall be reduced to twelve (12) months from the effective date of the

Franchise Agreement (or such longer period as agreed to by us). You must commence operation of your Mobile Unit and Retail Location within the time periods set forth in the Franchise Agreement. If you purchase the right to operate multiple Franchised Businesses at the same time, we may delay the required opening for the second and subsequent Franchised Businesses.

D. Site Selection Assistance.

1. We will provide you with site selection guidelines, counseling, and assistance that we consider necessary and appropriate. It is solely your responsibility to locate and select a suitable site for the Retail Location and complete the fit-out of the site in accordance with our standards. Before entering into any lease or purchase agreement for the Retail Location, you must submit a submittal package describing details about the proposed Retail Location's site and compliance with our fit-out standards, to us within 3-6 months prior to opening your Retail Location and provide any other information that we reasonably require. We will review your submittal package relating to your proposed site and determine whether to accept your proposed site. We will conduct such on-site evaluation as we consider necessary and appropriate as part of our evaluation of your submittal package. If we determine that on-site evaluation is necessary and appropriate (on our own initiative), we will provide such evaluations (to last not more than 2 days unless we agree otherwise) at our own expense. In addition to certain demographic characteristics, we also consider the following factors in accepting a site: rent, other tenants in the building, customer parking, and frontage. If we accept the proposed site and you obtain it, we will insert a description of the specific location in your Franchise Agreement via an amendment or addendum. If we reject your proposed site, you will be required to propose another site. If you fail to meet the opening deadline for any reason, including your failure to propose a site that is acceptable to us, and we do not agree to extend the deadline, we will have the right to terminate your Franchise Agreement. Our acceptance of a proposed site is not a warranty or representation of any kind as to the potential success or profitability of your Retail Location.

E. Post-Opening Obligations.

After you open your Franchised Business, we will provide you with the following assistance:

1. **Review Marketing Materials.** We must review any marketing, advertising or promotional programs or print and digital materials that you develop prior to their use or publication. (Franchise Agreement, Section 12.1).

2. **Brand Fund Management.** We will manage the Brand Fund as described below in this Item. We will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 120 days after the end of the fiscal year to franchisees who make a written request for a copy. (Franchise Agreement, Section 12.3).

3. **Requested Consulting Services**. We may provide you with additional consulting services with respect to the operation of the Franchised Business upon your reasonable request and subject to the availability of our personnel at a mutually convenient time. We will make available to you information about new developments, techniques, and improvements in the areas of advertising, management, operations, and Franchised Business design. We may provide such additional consulting services through the distribution of printed or filmed material, an Intranet or other electronic forum, meetings or seminars, teleconferences, webinars, or in person. If such services are rendered in person other than at our offices, you must pay us a fee and our expenses. (Franchise Agreement, Section 6.3).

4. **Evaluate Alternate Suppliers.** We will review any alternate supplier or non-approved

item you propose for use in connection with the Franchised Business and subsequently approve or deny these proposals as disclosed more fully in Item 8 of this disclosure document. (Franchise Agreement, Section 7.4.3.1).

5. **Relocation Review.** We will evaluate sites to which you propose to relocate your Retail Location in accordance with our then-current System Standards for Approved Locations. (Franchise Agreement, Section 7.1.1).

After you open your Franchised Business, we:

1. **Additional Training**. We may schedule, and require you, your Manager (if applicable), and other employees, to attend additional or refresher training courses. We may charge you our then-current training fee for you and any other persons that attend such additional or refresher training, and you will be solely responsible for all expenses associated with such training (including travel, lodging, meals, and employee wages incurred). This training will be provided to you and your employees at our corporate headquarters or at any other training facility we designate. We may also provide you with remedial training if we determine, in our sole discretion, after conducting an audit or inspection of your Franchised Business, that you are not complying with our system standards and specifications. The purpose of remedial training is to get you back on track and in compliance with our standards and specifications. (Franchise Agreement, Section 6.5).

2. **System Updates. We** may, as we deem necessary in our sole discretion, modify, and update the System and Manuals, including any standards and specifications, and provide you with updated lists of: (i) Approved Products and Approved Services; (ii) Approved Suppliers; and (iii) items you must purchase in accordance with our System standards and specifications (i.e., equipment, fixtures, inventory, and supplies). (Franchise Agreement, Section 1.1).

3. **Ongoing Advice. We** may provide periodic advice and guidance regarding the ongoing operation of your Franchised Business and/or the use of the Proprietary Marks and System in general, as we deem necessary or advisable in our sole discretion. Our advice and assistance may be provided through meetings, printed materials and/or other media that we may make available to you in the System from time to time, or otherwise by telephone, e-mail, or other manner of communication.

4. **Pricing.** If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time. We currently require you to charge rates equal to or in excess of a minimum pricing schedule, which we will provide and may revise from time to time. Otherwise, you are solely responsible for determining the prices that you charge customers and must provide us with your current price list upon our request. We have the right to negotiate arrangements with customers who have regional or nationwide facilities ("National Accounts"), including pricing, which will bind all Franchised Businesses providing services to such National Accounts. If you wish to perform services for a National Account, and we permit you to do so, you may be required to honor pre-negotiated pricing and terms with these National Accounts. We may offer preferred customer plans that offer customers discount prices under certain terms and conditions. You are not required to offer these plans to customers but, if you do choose to participate in our preferred customer plans, you must offer the discount prices set by the plans in accordance with the terms of the plan. (Franchise Agreement, Section 1.4).

F. Marketing Investment, Advertising and Marketing.

1. Brand Fund

We have established a Brand Fund for ongoing brand marketing and digital marketing growth. You are required to participate in and contribute three percent (3%) of your Franchised Business's Gross Revenue to the Brand Fund (the "Brand Fund Contribution"). (Franchise Agreement, Section 12.3).

The Brand Fund Contribution will be payable directly to the Brand Fund via EFT on a monthly basis on the 15th day of each month for sales generated during the prior calendar month. We have the right to use the Brand Fund Contributions, at our sole discretion, to develop, produce, and distribute national, regional and/or local marketing, advertising, digital, and client acquisition initiatives, including, but not limited to brand campaigns, performance marketing, digital platforms, and customer engagement programs, as well as advertising and public relations materials - which promote, in our sole judgment, the services offered by System franchisees. (Franchise Agreement, Section 12.3).

We may use the Brand Fund Contributions to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing internet, television, radio, magazine, and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of software, the cost of soliciting National Accounts; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that we internally administer or prepare; and building partnerships with national and regional brands. This includes, without limitation, investment in digital marketing channels (including search engine optimization, paid search, social media, and display advertising), reputation and review management platforms, customer relationship management systems, marketing automation tools, data analytics and reporting, content creation, and other technology, platforms, or services that support brand awareness, client acquisition, engagement, and retention. Not all System franchisees will benefit directly or on a pro rata basis from such expenditures. (Franchise Agreement, Section 12.3).

While we do not anticipate that any part of Brand Fund Contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund Contributions for public relations or recognition of our brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." (Franchise Agreement, Section 12.3).

If we do not spend all Brand Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year.

We will prepare on an annual basis and will have available for you within 120 days of the end of the fiscal year, an unaudited statement of contributions and expenditures for the Fund. Upon your written request, we will provide you with the statement. There is no requirement that the Brand Fund be audited. (Franchise Agreement, Section 12.3).

We have the right to incorporate the Brand Fund as a separate business entity. The Brand Fund is not a trust, or our asset and we are not a fiduciary to you with respect to, or a trustee of, the Brand Fund or the monies therein, and we assume no obligation or liability to you with respect to the maintenance, direction, or administration of the Brand Fund. (Franchise Agreement, Section 12.3).

We may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be paid for by the Brand Fund. The cost of these programs may be charged directly to you if your results from a Survey fall below System-established minimum standards for such Surveys, which will be determined at the time we conduct a Survey. (Franchise Agreement, Section 12.3).

We have the sole right to determine how to spend contributions to the Brand Fund, or any funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount on advertising in your Territory. Not all System franchisees will benefit directly or on a pro rata basis from our expenditures. (Franchise Agreement, Section 12.3).

We have the right to be reimbursed from the Brand Fund Contributions for reasonable costs and overhead, or any amount we lend to the Brand Fund (if the Brand Fund is operating at a deficit). (Franchise Agreement, Section 12.3). Company or affiliate-owned outlets may contribute to the Brand Fund, but they are not required to do so. (Franchise Agreement, Section 12.3).

We reserve the right to suspend or terminate the Brand Fund at any time, and any surplus funds may only be used for marketing and advertising purposes until fully expended. (Franchise Agreement, Section 12.3).

During our fiscal year ending December 31, 2025, approximately 59% of the funds expended by us were spent on the development and production of materials and media placement, 39% on fund administration, which includes the management fee paid to us and legal and accounting fees, and approximately 2% on other costs, which includes travel, focus groups, sponsorships, promotional items and other miscellaneous costs.

2. Advisory Council

We currently have an Advisory Council composed of five (5) franchisees and one of our representatives to provide, among other matters, feedback and recommendations related to brand operations, standards and policies. The Advisory Council serves in an advisory capacity only. While we currently have no Advertising Council, we leverage the Advisory Council on items related to marketing. (Franchise Agreement, Section 12.6).

3. Local Area Marketing Requirement

In addition to the Brand Fund Contributions, while operating your mobile business only, you are required to spend each month a minimum of one percent (1%) of your Gross Revenue generated during the immediately preceding calendar month on, marketing, advertising and promotional, or digital materials for your Franchised Business within the Territory in accordance with our standards and specifications (the Local Area Marketing or "LAM Requirement").

When you begin operating your Retail Location, we require a minimum Local Area Marketing expenditure of two percent (2%) of Gross Revenue, as specified in your Franchise Agreement or otherwise advised by us in writing.

All Local Area Marketing activities must comply with Poolwerx brand standards and marketing guidelines. If you wish to use any marketing, advertising or promotional digital or online materials (including, without limitation, website, landing pages, eCommerce platforms, social media accounts or other digital channels) other than those currently approved for use by System franchisees, then you must submit the materials you wish to use to us for our prior written approval at least 30 days prior to your intended use or publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the proposed materials from you. If you do not receive our written approval during that time period, the proposed materials shall be deemed disapproved. Once approved, you may use the materials unless we withdraw or revoke our approval, which we may do at any time with written notice.

All marketing, advertising and promotional materials must prominently display the Proprietary Marks and must comply with any standards we establish as specified in the Operations Manual or in any other written communication. You may not operate, maintain, or promote any independent or unauthorized websites, e-commerce platforms, or digital channels relating to the System or the services offered without our prior written approval.

We may require you to discontinue using any marketing, advertising, promotional or digital material or cease operating any such unauthorized channels, within a specified time frame, and at your own cost and expense. (Franchise Agreement, Section 12.1).

4. Launch Marketing

You must spend a minimum sum of $10,000 on launch marketing, advertising, digital and client acquisition activities and promotions beginning two weeks prior to opening your Mobile Unit and extending throughout your first year of operations. For Retail Locations, an additional $15,000 (or such higher amount as outlined in Item 7, up to $20,000) must be invested consistent with a plan that you must submit to us. You must provide us with supporting documentation evidencing these expenditures upon our request. We have the right to modify your launch plan and/or annual LAM investment requirements as part of your first year at our sole discretion to ensure alignment with Poolwerx brand standards, marketing strategy, and overall system performance. No amount paid by you for your launch plan will be credited toward any of your other advertising obligations in your first year of operation (Franchise Agreement, Section 12.5.1).

5. Local Cooperatives

You must join and actively participate in any advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Franchised Businesses, and you must abide by the bylaws, rules, and regulations duly required by such advertising cooperative, which we have the right to mandate or approve if and when we form such cooperative. You will be required to contribute $1,650 per Territory per year to the cooperative (which may be collected quarterly or other interval), which may be increased based upon a vote of the members of the cooperative. If we form an advertising cooperative, we will have the right to determine how membership will be defined, whether company-owned or affiliate-owned Franchised Business will participate in the cooperative, and whether we, an affiliate, a franchisee, or a third party will administer the cooperative. If you join an advertising cooperative, the advertising cooperative may require you to spend additional funds on marketing programs conducted by the advertising cooperative, which will not exceed your Local Marketing Requirement. The members of the advertising cooperative will vote on the funds that are required to be spent as part of the cooperative. Any amount spent towards the cooperative will be counted towards your Local Marketing Requirement. If we form an advertising cooperative, we will make any governing documents available to you for your review.

6. Promotional Programs

You must participate in all Franchised Business promotional programs that we offer to franchisees. You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing. You will not allow use of gift certificates, gift cards, or coupons (including Groupon and similar discounts), unless approved or offered by us.

G. Website and Internet Presence.

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We have the right, but not the obligation, to establish and maintain a website that provides information about the System and the products and services offered by Franchised Businesses. If we exercise our right to create such a website, we will have sole discretion and control over it. We also have the right, but not the obligation, to create interior pages on our website(s) that contain information about your Franchised Business and other System locations. If we do create such a page, we may require you to prepare all or a portion of the page for the Franchised Business, at your sole expense, and may require you to use a template that we provide. (Franchise Agreement, Sections 12.2.1 and 12.2.2).

Unless you obtain our prior written consent, you are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the Internet through any social networking site in connection with the operation of your Franchised Business, including without limitation, Facebook, X (formerly Twitter), LinkedIn, YouTube, Pinterest, Instagram, TikTok, Snapchat, or any other social media and/or networking site that uses any variation of the Proprietary Marks or references the System. If you seek and obtain our approval to create a separate website or other web presence, you must: (i) establish and operate the website according to our standards and policies as we describe in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify your site(s). We may require you to update the content of any social media and/or networking site at the times and in the manner we decide. (Franchise Agreement, Section 12.2.3).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Section 12.2.). We are currently the sole registrant of the domain name www.poolwerx.com and we will be the sole registrant of any other domain names we decide to register in connection with the System in the future. You are prohibited from registering any domain name that contains words used in, or similar to, any trademark or service mark owned or used by us or our affiliate, or any colorable variation thereof (including any abbreviation, acronym, phonetic variation, or visual variation). (Franchise Agreement, Section 12.2.5).

H. Computer Hardware, Software and Technology.

You must obtain, maintain, and use the Computer Hardware and Software that we specify periodically in the Manuals to (i) enter and track purchase orders and receipts, and customer information, (ii) update inventory, (iii) enter and manage your customers' contact information, (iv) generate sales reports and analysis relating to the Franchised Business, (iv) provide other services relating to the operation of the Franchised Business, and (v) keep a mandated chart of accounts or other accounting services using a bookkeeper approved by us in the format we require that we can access at any time. Your books must fully integrate with any third-party service that we require.

The Computer Hardware and Software currently includes:

Mobile only:

1. Laptop Lenovo all in one, minimum requirements: i5, 8GB memory, 512GB solid state drive.
2. Brother HL-L3270CDW Wireless Color Laser Printer.
3. Emisoft business grade antivirus software.

Mobile & Retail:

4. Laptop Lenovo all in one, minimum requirements: i5, 8GB memory, 512GB solid state drive.
5. Emisoft business grade antivirus software.
6. Netgear 24-port 10/100/1000 Mbps Gigabit unmanaged switch.
7. Laptop (same specs as above) or iPad (latest model) as point of sale with keypad and stand
8. Socket mobile socketscan S700 linear barcode scanner with charging dock
9. Vasario 13x13 cash drawer VPK-15B-27 plus brackets
10. Star Micronics TSP143 IIILan thermal docket printer with thermal paper rolls
11. Brother HL-L3270CDW Wireless Color Laser Printer
12. Windcave terminal (rent)

You must also purchase all software that we designate, which may include software that is not covered by the Technology Fee. To the extent you are required to engage in any data migration, you are obligated to pay us our costs for such migration. Specifications for the brand, operating capabilities, and functionality of these hardware and software components will be set forth in the Manuals and are subject to change.

At a minimum, the components of the Computer Hardware and Software must be connected to the Internet via a high-speed (40/100) Internet connection and rightsized and must be able to run our designated software programs and general business software such as email, word processing, and similar programs.

The Computer Hardware and Software will use third-party software from our Approved Suppliers. For any additional proprietary software or third-party software that you want to use, you must execute and be responsible for the fees associated with any software license agreements or any related software maintenance agreements that the licensor of the software requires.

We estimate that the Computer Hardware and Software will cost between $2,000 to $7,000 (depending on whether it is a Mobile Unit or Retail Location), which includes the cost of the hardware, software licenses, related equipment, and network connections, including related installation costs. There will be additional monthly software licenses that are paid for through the Technology Fee. We, or our Approved suppliers, will act as suppliers of some or all of the components of the Computer Hardware and Software.

You must maintain the Computer Hardware and Software at your expense and must purchase any hardware or software maintenance or technical support programs that we require. You must replace, upgrade, or update the Computer Hardware and Software as we may require from time to time. We will establish reasonable deadlines for implementation of any changes to our Computer Hardware and Software requirements, but there are no contractual limitations on our right to require changes to the Computer Hardware and Software.

We currently do not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the Computer Hardware and Software. We, our affiliates, and third-party suppliers are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Suppliers may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate may cost between $250 - $2,000 per year.

You must give us unrestricted and independent electronic access (including user IDs and passwords, if necessary) to the Computer Hardware and Software for the purposes of obtaining the information relating to the Franchised Business. You must grant us (and/or our designee) administrative access to the software designated by us, which may require you to update your subscription to allow multiple administrative users. You must permit us to download and transfer data via a high-speed Internet connection or such other connection that we specify on a real-time basis. There are no contractual limitations on our right to access data stored in the Computer Hardware and Software, and we may program the Computer Hardware and Software to automatically transmit data and reports about the operation of your Franchised Business to us. We are the sole owners of all data, databases, lists, templates, programs, and any other software components that have been created and/or customized by or for us using the Computer Hardware and Software or otherwise generated through your Franchised Business.

You must dedicate your computer system for use as the Computer Hardware and Software only and use the Computer Hardware and Software in accordance with our policies and operational procedures. Your employees must complete all training programs we reasonably require for the proper operation and use of the Computer Hardware and Software. You may not use any other cash registers or computer systems in your Franchised Business.

You are required to participate in any System-wide computer network, intranet system, extranet system or community portal that we implement and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Manuals; (iii) download approved local marketing materials; (iv) communicate with us and other System franchisees; and (v) to complete initial or ongoing training as we designate. You must use the computer network, intranet system or extranet system that strictly comply with the standards, protocols, and restrictions provided in the Manuals, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory, or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above.

I. Additional Investment

We have the right to require you to remodel, re-equip, and otherwise refurbish your Franchised Business to bring it into conformity with our then-current brand image. (Franchise Agreement, Section 7.17).

ITEM 12
TERRITORY

Approved Location

You will initially operate the Franchised Business from a Mobile Unit (or Units) and eventually establish a Retail Location. Your Retail Location must be located within the Territory. You may not relocate your Franchised Business without our written consent, which we will not unreasonably withhold provided that the new location meets our then-current criteria for a Retail Location. The Retail Location address will be added to the Franchise Agreement once it is approved by us.

Relocation of the Franchised Business

If you would like to relocate the Retail Location, you must receive our written consent and our approval, which will not be unreasonably withheld, provided (i) the new Retail Location is satisfactory to us and within your Territory, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing, outfitting, and furnishing the new Retail Location, (iv) the new Retail Location will not, as determined at our sole discretion, materially and adversely affect the Gross Revenue of any other Franchised Business, (v) you have fully performed and complied with each provision of the Franchise Agreement within the last three (3) years prior to, and as of, the date we consent to such relocation (the "Relocation Request Date"), (vi) you are not in default, and no event exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If your lease is at risk of being terminated, you must secure our approval of another site and enter into a lease for a new approved Retail Location prior to the termination. The new Retail Location must be operational within 90 days of the prior lease being terminated.

Territory

Upon signing the Franchise Agreement, we will provide you with an area in which you will have protected rights, which will typically have approximately 6,500 residential pools. The size of your Territory may vary from other System franchisees based on the location and demographics such as population. The demographics, geography, and other factors (such as household income, driving distances, concentration of pools, and retail space) we use in defining your Territory is based upon information provided to us by third-party sources that we select at our sole discretion.

The boundaries of your Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. The sources we use to determine the population within your Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Because we retain certain "reserved rights" within your Territory, the Territory is not an exclusive territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. "Territory" means that we will neither operate, nor award to another person to operate, another Franchised Business in your Territory, nor will we service, or authorize others to service, customers in your Territory, except in limited circumstances described below in this Item 12, and provided you are not in default under the Franchise Agreement.

You may not solicit, attempt to service, or service any customers or referral sources outside of your Territory without our prior written consent (which may be withheld for any reason). If you solicit or sell products or services outside of the Territory without our prior written consent, in addition to all other rights and remedies available to us for a breach of the Franchise Agreement, we will have the right to terminate the Franchise Agreement. However, with our prior written approval in each instance, if customers are located in areas geographically close to your Territory, and no other franchisee of ours has been awarded that territory, nor is the territory protected as an affiliate-owned business, then you may temporarily operate in that geographical area (an "Open Territory"). However, you cannot solicit more than fifteen percent (15%) of your total Gross Revenue from outside of your Territory.

National Accounts

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services to any entity that owns or otherwise has management for a building or common services in more than one location whose business is not confined to one particular franchisee's territory (a "National Account").

We will first try to send any work for a National Account in your Territory to you as long as you are qualified to perform such work and meet our standards for servicing such National Account. If you are not qualified to perform the work or otherwise reject the work, then we or any party we may designate shall have the right to perform the services for the National Account within your Territory. Any dispute as to whether a particular customer or account is a National Account will be determined by us, and our determination will be final and binding. You are not entitled to any right to compensation or consideration, or work performed by others in your Territory for National Accounts.

Rights Reserved By Us

Among other things, we and our affiliates also reserve the exclusive right to: (i) establish and operate, and license third parties the right to establish and operate, other Franchised Businesses using the Proprietary Marks and System at any location outside of the Territory; (ii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by your Franchised Business, within or outside your Territory; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Franchised Business under marks other than the Proprietary Marks at any location; (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under your Franchise Agreement; (v) designate and service National Accounts; (vi) service, route, and/or assign any and all customer work orders and inquiries received through a call center; and (vii) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System to engage in any other activities not expressly prohibited under your Franchise Agreement.

While we reserve the right to open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Franchised Business under marks other than the Proprietary Marks, neither we nor our affiliates currently have any plans to do so. As disclosed in Item 1, our affiliates have previously purchased and converted several branded pool businesses to Poolwerx® businesses and in certain instances may continue to operate those pool businesses under their original names and trademarks for a period of time.

Alternate Channels of Distribution

We, our affiliates, or third parties may distribute our and our affiliates' products and services in your Territory, including those already developed and those yet to be developed, through alternate channels of distribution that we may choose. These alternative channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that we deem appropriate. This does not give you the right to: (i) distribute such products or services; or (ii) share in any of the proceeds that a party receives through these alternate channels.

Restriction on Rights

You do not have the right to open additional Franchised Businesses, nor do you have any right of first refusal on any other location. You do not have the right to use the Proprietary Marks or the System at any location outside of the Territory. You may not offer any Approved Products or Approved Services in wholesale, e-commerce, or other channel of distribution besides the retail operation of the Franchised Business within the Territory without our prior written consent. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory unless we agree otherwise.

We reserve the right to establish guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Operations Manual or otherwise in writing, including policies related to the allocation of monies when a gift certificate is purchased at one Franchised Business and redeemed at another Franchised Business. We do not have these policies or procedures in place, however, as of the date of this Franchise Disclosure Document.

You may only operate your Franchised Business and service customers within your Territory unless we have approved you to service customers in Open Territories. As long as you are in compliance with the Franchise Agreement, we will not, during the term of your Franchise Agreement, operate or grant others the right to operate any other Franchised Business within the Territory.

If we grant you permission to operate in an Open Territory, we have the right to sell or assign it or any part of it at any time, without giving notice to you. We may revoke your rights to operate in any Open Territory at any time, even if we permitted you to service customers in that Open Territory in the past. You will not have a right of first refusal or option to buy a territory that was formerly designated as an Open Territory. Once an Open Territory is assigned to another System franchisee or affiliate-owned business, you will have no further rights to service customers in that Open Territory.

Minimum Performance Criteria

You are required to develop a Business Plan and provide a draft to us not less than 90 days prior to the commencement of each Financial Year. We will engage with you to discuss and approve the draft Business Plan, which will include Minimum Performance Criteria we mutually agree upon with you. "Minimum Performance Criteria" means the criteria specified in the Business Plan, including: (i) any key performance indicators specified in the Business Plan, the Operations Manual or otherwise in writing from time to time; and (ii) matters relating to Gross Revenue, the development of the Franchised Business, and increasing market share in relation to competitor businesses offering the same or similar services to the Approved Services, or selling the same or similar products to the Approved Products, within your Territory. You are required to meet the Minimum Performance Criteria established on an annual basis. If you fail to meet the Minimum Performance Criteria, we may require you to (i) attend Additional Training, and/or (ii) cease operating in the Territory.

ITEM 13
TRADEMARKS

We grant you the right to operate a business specializing in the pool maintenance services, pool cleaning, installation and remodel services and retail pool supplies and services under the mark POOLWERX (the "Principal Mark"), and other trademarks, service marks, associated designs, artwork and logos. Poolwerx may require you to use the marks in conjunction with other words or symbols or in an abbreviated form.

All of the marks are owned by Poolwerx Holdings Pty Ltd ACN 094 349 247 ("Poolwerx Holdings") and licensed to Poolwerx. Poolwerx Holdings purchased the Principal Mark from Poolwerx, Inc., a Canadian corporation, on February 17, 2015. Poolwerx, Inc. is not an affiliate of Poolwerx, or any parent or affiliate of Poolwerx.

The following Proprietary Marks are registered on the Principal Register with the United States Patent and Trademark Office:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
POOLWERX	3,499,137	September 9, 2008
POOLWERX	5,102,810	December 20, 2016
FOR HEALTHY POOL PEOPLE	5,583,446	October 16, 2018
poolwerx for healthy pool people	6,514,277	October 12, 2021
APRIL POOLS DAY	7,283,149	January 23, 2024
AQUAWIZE	6,430,424	July 27, 2021
VITAL	6,121,494	August 11, 2020
aquawize	6,430,443	July 27, 2021
vital	6,382,871	June 15, 2021
An initiative of poolwerx April Pools Day	7,335,013	March 26, 2024
Vital	7,675,543	February 4, 2025
VITALYSE	7,912,677	August 26, 2025

Pursuant to the License Agreement, dated as of March 2, 2015 (the "Trademark License Agreement"), Poolwerx Holdings authorized us to use the Proprietary Marks and other related marks in connection with franchises granted by us for a term of 20 years. The Trademark License Agreement between Poolwerx Holdings and us is perpetual in duration and may be terminated unilaterally by either party only upon a material breach of the Trademark License Agreement. Upon termination of the Trademark License

Agreement, we must immediately discontinue the use of the Marks and assign to Poolwerx Holdings all franchise agreements licensing the use of the Proprietary Marks, and Poolwerx Holdings has agreed to assume all obligations under such agreements arising from and after their assignment.

All required affidavits relating to the Proprietary Marks have been filed. There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition, or cancellation proceedings; nor any pending material litigation involving any the Proprietary Marks. Currently, there is no litigation pending or otherwise that limits our ability to use or license the Marks to you or any other franchisee. There are no other agreements that will affect our right to use, and license you to use, the Proprietary Marks in any manner material to the System and franchises offered in this disclosure document.

Your right to use the Proprietary Marks granted under the Franchise Agreement is non-exclusive, and we retain the right, among others: (i) to use the Proprietary Marks for selling products and services; (ii) to grant others licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and (iii) to develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

All your usage of the marks and any goodwill you establish will be for our exclusive benefit and you retain no rights in the Proprietary Marks on the termination or expiration of the Franchise Agreement. You may not use the Proprietary Marks as a part of any corporate or trade name or as part of a domain name, or an electronic address, nor may you use any trade name, trademark, service mark, emblem, or logo other than the Proprietary Marks, as we may designate. You must prominently display the Proprietary Marks on the items we designate, including signs and packaging materials. You must obtain fictitious or assumed name registrations we require or under applicable law. You must identify yourself as the owner of the Franchised Business by placing your name on the Franchised Business and on all checks, invoices, receipts, contracts, and other documents that bear any of the Proprietary Marks, and on all printed materials your name must be followed by the phrase “a POOLWERX franchisee” or any other phrase as we direct. Upon termination or expiration of the Franchise Agreement, you are required to de-identify your Franchised Business, removing all of our trademarks, logos, or other proprietary items that we specify.

We are not aware of any superior rights or infringing uses that could materially affect your use of the principal trademark in the state where the franchised business will be located.

Under your Franchise Agreement, you must immediately notify us of any information that you acquire concerning any use by others of names or marks which are the same, or confusingly or deceptively similar to any of the Proprietary Marks. At our request, you must assist us to protect and maintain our interest in the Proprietary Marks, and we will pay or reimburse your reasonable costs incurred in rendering such assistance, unless we are required to take action to protect our interests because of your wrongful acts or those of any person under your control.

We are not obligated to protect you from the right to continue the use of the Proprietary Marks. Although our right to pursue any third-party infringers of our Proprietary Marks is optional under the Franchise Agreement, as a company policy, we may elect to aggressively protect our rights under the Proprietary Marks. If at any time we consider it to be advisable (in our sole discretion) for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice from us and at your expense and may no longer continue using that mark. We are not obligated to reimburse you for the costs you incur in complying with our directions or the loss of revenue or expenses caused by any modification or discontinuance of a Proprietary Mark. We may, but are not required to, protect you against third party claims of trademark infringement or unfair competition if you are not using the Proprietary Marks in compliance with our standards; however, as set forth in the Franchise Agreement, if you are properly using the Proprietary Marks, then we will defend you against any third-party claim, suit, or demand arising out of your proper use of the Proprietary Marks.

You must immediately notify us of any apparent infringement or challenge to your use of any Proprietary Mark, or any claim by any person of any rights in any Proprietary Mark. You agree not to communicate with any person other than us, our attorneys of choice and your attorneys in connection with any such claim or challenge. If we choose to take over or control the defense of any claim or challenge the cost of such defense will be paid by us, provided that if any claim or challenge is caused by your wrongful acts, we may request that you indemnify us for any claims or damages we incur. This includes paying all of our attorneys, experts, or other professional fees we may incur to defend any claim or challenge resulting from any of your wrongful acts. In limited instances, if we take over any claim or challenge, we may reimburse you for the reasonable expenses you incur in connection with cooperating with us, as we deem necessary in our sole discretion.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights that are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the System including our Operations Manual, advertising, and business materials. Additionally, we do not have any patent applications that are pending and/or material to this offering.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of this unauthorized use. We may revise any of our copyrighted materials at our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider to be our trade secrets and confidential information, including but not limited to information regarding the setup of a Franchised Business; information about proprietary products and methods; any proprietary software we may now or in the future create; our Operations Manual; trade secrets; price marketing mixes related to the sale of goods or services offered or authorized for sale by System franchisees; standards and specifications for equipment, design, and equipment layout; systems and training manuals; training systems; compensation systems; marketing strategies; online marketing systems; sales systems; sales training; location identification and acquisition; general operations; our copyrighted materials; and methods and other techniques and know-how concerning the operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your operation of a Franchised Business (collectively, the "Confidential Information"). We may collect, use, analyze, and disclose information regarding the performance of franchised and company-owned outlets, including financial results, operating metrics, and other key performance indicators ("Performance Data"). We may use Performance Data for system administration, training, benchmarking, marketing, compliance, and other legitimate business purposes. We may include Performance Data in our franchise disclosure document. You agree that we may use your financial data. You must require your Manager and any other personnel having access to any of our Confidential Information to sign a form of confidentiality agreement under which these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment. A sample form of agreement is attached as an Exhibit to the Franchise Agreement. You will promptly forward to us via email all such signed agreements upon request. We recommend that you work with your local counsel to review and finalize the form of agreement that you use, but you must provide us with written notice of any material changes that you make to the sample form of agreement attached as an Exhibit to the Franchise Agreement.

You shall not, during the term of the Franchise Agreement or after, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information except to your employees that must have access to it in order to operate the Franchised Business. Certain additional information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute our trade secrets and Confidential Information. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential will be deemed Confidential Information for purposes of the Franchise Agreement. We have expended considerable time, effort, and money to develop the System, and the Confidential Information is not well known outside of the System. The Confidential Information is of great value to us, and we are implementing this non-disclosure policy in an effort to protect our trade secrets and Confidential Information.

If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property, and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other related intellectual property rights. You and your principals will assign to us any rights you may have or acquire, including the right to modify the concept, process, or improvement, and otherwise must waive and/or release all rights of restraint and moral rights. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process, or improvement. In the event that these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process, or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights.

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

At all times that your Franchised Business is open for business, it must be under the personal, on premises supervision of either you, or your Manager. You or your Manager must successfully complete our training program and any other training programs that we may require. You may not permit your Franchised Business to be operated, managed, directed, or controlled by any other person. Your Poolwerx vehicle is not to be operated by any employee not properly trained without our prior written consent.

Your principal equity owner must have authority over all business decisions related to your Franchised Business, and they must have the power to bind you in all dealings with us. You must provide us with written notice of any change in your principal equity owners and Manager and may not make such changes without our prior written approval.

Your Manager must sign a confidentiality agreement and non-compete agreement (consistent with state and local law).

You must execute a Personal Guaranty concurrently with the signing of the Franchise Agreement. If you are a legal entity, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns an interest in the Franchised Business must execute the Personal Guaranty. Note that spouses of interest holders in the Franchised Business are required to execute a Personal Guaranty.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale the Approved Products and Approved Services which we prescribe and only those products and services which we prescribe. You may not offer any other products or services for sale without having received our prior written authorization. You must at all times maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use, and sell all private label products which we may now or in the future designate for sale by System franchisees.

All brands may not be available at all Franchise locations; brand availability may vary from location to location depending upon specific supplier requirements which may include market or geographic restrictions, restrictions on the types of locations at which a specified supplier will sell its products, and restrictions related to a Franchise's proximity to other Franchises that carry a supplier's products.

We impose no restriction on the retail customers that you may serve at your Retail Location, or through a Mobile Unit, but you may not sell our products through any wholesale, e-commerce, or other channel of distribution, nor may you sell them to our other franchisees unless you obtain our prior written approval.

We may set the minimum or maximum price at which a Poolwerx Service or Poolwerx Product may be supplied or sold as allowed by applicable law. Where a Commercial Client requires Poolwerx Services or Poolwerx Products in more than one location, you are not allowed to offer lower prices to the Commercial Client than other Franchised Businesses providing Poolwerx Products or Poolwerx Services to that Commercial Client.

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

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	2.1	Ten (10) years, which will commence on the date we execute the Franchise Agreement.
b. Renewal or extension of term	2.2	If you meet the conditions at time of Renewal, you may renew the Franchise Agreement for an additional 10-year term.
c. Requirements for franchisee	2.2.1 through 2.2.9	You must: (i) provide written notice of your intent to renew no fewer than six (6) months and no greater than nine (9) months prior to the end of the term; (ii)

to renew or extend		demonstrate to our satisfaction that you have the right to operate the Franchised Business at the Retail Location for the duration of the renewal term or, if you are unable to continue operating at the Retail Location, secure a substitute location that is acceptable to us; (iii) complete to our satisfaction, no later 90 days prior to expiration of your then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Retail Location premises, as well as any update to require hardware and software, as necessary to bring the Retail Location and all equipment into full compliance with our then-current System standards and specifications for new franchisees; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement with us, our affiliates, approved/designated suppliers, and also have been in substantial compliance with these agreements during their respective terms; (v) satisfy all monetary obligations you have to us, our affiliates, and approved or designated suppliers; (vi) execute our then-current form of franchise agreement, the terms of which may materially vary from the terms of your current Franchise Agreement; (vii) satisfy our then-current training requirements; (viii) execute a general release in favor of us and our affiliates in the form we prescribe; and (ix) pay a renewal fee.
d. Termination by franchisee	Not Applicable.	Subject to applicable law, none.
e. Termination by franchisor without cause	Not Applicable.	Subject to applicable law, none.
f. Termination by franchisor with cause	15.1 through 15.4	We may terminate your agreement upon your default and, in some instances, failure to cure. Termination is effective upon delivery of written notice, except as otherwise provided in the Franchise Agreement.
g. "Cause" defined – curable defaults	15.3 15.4	The following are curable defaults under the Franchise Agreement, provided you cure the default within 15 days of our notice of: (i) your failure to pay any sums due us, our affiliates or any of our Required suppliers; (ii) your failure to immediately endorse and deliver to us any payments due us from any third party that are erroneously made to you; (iii) your failure to maintain sufficient levels of materials and other supplies; (iv) your failure to maintain the prescribed months, days or hours of operations at the Franchised Business; (v) your failure to personally supervise day-to-day operations or fail to employ a sufficient number of qualified, competent personnel as we prescribe; (vi) your failure to maintain the strict quality controls reasonably required by the Franchise Agreement and/or the Manuals; and (vii) your failure to procure or maintain any licenses, certifications or permits necessary for the operation of the Franchised Business. Notwithstanding Sections 15.1, 15.2 and 15.3 of the Franchise Agreement, you will have 30 days to cure any other default under the Franchise Agreement, or any other agreement between us and our affiliates, from the date of our notice.
h. "Cause" defined – non-curable defaults	15.1	The Franchise Agreement will automatically terminate without notice or opportunity to cure upon the occurrence of any of the following: (i) if you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or

		receiver for you or the Franchised Business; or (ii) if proceeding are commenced to have you adjudicated bankrupt or seek your reorganization under any state or federal bankruptcy or insolvency law and such proceeding are not dismissed within 60 days, or a trustee is appointed for you or the Franchised Business without your consent and the appointment is not vacated within 60 days.
	15.2	We have the right to terminate the Franchise Agreement upon notice and without opportunity to cure upon the occurrence of any of the following defaults: (i) you or one of your principal(s) are convicted of, or plead guilty or no contest to, a felony or other offense related to the operation of the Franchised Business or which we believe, in our sole discretion, is likely to have an adverse effect on our Proprietary Marks or the goodwill associated therewith; (ii) you or your principal(s) commit any fraud or misrepresentation in the operation of the Franchised Business, including a misrepresentation (financial or otherwise) made in completing your franchise application; (iii) if you or any of your principals, guarantors or agents engage in any activity or conduct that materially impairs the goodwill associated with the System or Proprietary Marks and fails to cease and correct such activities or conduct within twenty-four (24) hours of being notified of this breach; (iv) if you or your principals make any misrepresentation or omission in connection with your franchise application, including but not limited to any financial misrepresentation; (v) if you fail to complete the Initial Training Program in the required time period; (vi) if we send you two or more written notices to cure any of the defaults set forth in Sections 15.3 and 15.4 of the Franchise Agreement in any twelve (12) month period, regardless of whether or not you subsequently cure these defaults; (vii) your material breach under any other agreement with us or our affiliates, or threaten any material breach of these agreements, or any lease for the Approved Location, and fail to cure such breach within the prescribed time period set forth in that agreement; (viii) your or your principals' misuse of our Proprietary Marks or Confidential Information in any manner; (ix) your or your principals disclose any contents of the Operations Manual, Confidential Information, and/or Trade Secretes; (x) your violation of any law, ordinance or regulation, as well as your operation of the Franchised Business in a manner that presents a health or safety hazard to customers or the general public; (xi) your violation of any of the restrictive covenants set forth in the Franchise Agreement; (xii) if a levy or writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which are not released or bonded against within 30 days; (xii) insolvency of you or your principals; (xiv) if you voluntarily or otherwise abandon the Franchised Business; (xv) if you make any unauthorized transfers of the Franchised Business; (xvi) if you offer any unauthorized or unapproved products or services at or from the Franchised Business; (xvii) if you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier; (xviii) you misuse, or make unauthorized use of, any Proprietary Software that we may develop; (xix) your failure to maintain the required insurance or repay us for insurance we paid for you; (xx) if you fail, within 15 calendar days after notification of non-compliance by federal/state/local government authorities, to comply with any

		law or regulation applicable to the Franchised Business; (xxi) if the government takes any action against you that results in an obligation upon us that we believe is uneconomical, not in our best interest, or which would result in having an unintended relationship or obligation; (xxii) if you fail to comply with any anti-terrorism law or provisions; (xxiii) if you take any assets or property of the Franchised Business for personal use; (xxiv) if there are insufficient funds in your EFT bank account to cover any payment to Franchisor two (2) or more times in any twelve (12) month period; (xxv) if you fail to commence operations within the required time period; (xxvi) if you operate or conduct business outside of the Territory without our consent; (xxvii) you fail to attend the Convention without our prior written approval; and (xxviii) if you or your principals do not provide your best efforts as described in Section 7.10 of the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	16.1	Upon termination or expiration of the Franchise Agreement, your obligations include: (i) immediately cease all operations of the Franchised Business; (ii) immediately pay all amounts owed to us, our affiliates and our major suppliers; (iii) immediately discontinue using the Proprietary Marks; (iv) immediately cease using the any System and Operations Manual, and within ten (10) days return all proprietary and confidential materials; (v) immediately cease use of all telephone and facsimile numbers, and related listings, as well as any permitted domain names and/or Social Media Pages, that were used in connection with the Franchised Business (collectively, the "Assigned Property") and take all necessary steps to assign the Assigned Property to us or our designee; (vi) immediately vacate the premises of the Franchised Business; (vii) within ten (10) days, return all stationery, printer matter, signs, advertising materials and other items containing our Proprietary Marks; (viii) cease holding yourself or the Franchised Business out as part of our System; (ix) cease all contact with Franchised Business customers; (x) take all actions necessary to amend or cancel any assumed name, business name or equivalent registration that contains any trade name or Proprietary Mark, and furnish evidence to us that you have complied with this obligation within fifteen (15) days; (xi) permit us to make a final inspection of your financial records, books and other accounting records within one (1) month of the termination/expiration of your Franchise Agreement; (xii) comply with your post-term restrictive covenants set forth in Section 17 of the Franchise Agreement; (xiii) cease advertising or using in other any other manner any methods, procedures or techniques associated with us or the System; (xiv) de-identify all vehicles used in connection with the Franchised Business; and (xv) execute from time to time any necessary papers, documents, and assurances to effectuate Section 16 of the Franchise Agreement.
j. Assignment of Contract by Franchisor	14.5	There are no restrictions on our right to sell, transfer, or assign the Franchise Agreement.
k. "Transfer" by franchisee - defined	14.1 and 14.4	You, or any of your principals', assignment, sale, gift, pledge, or other disposition of any interest in the Franchise Agreement or the Franchised Business (whether voluntary or involuntary, direct, or indirect).
l. Franchisor approval of transfer by franchisee	14.1 and 14.4	Any transfer requires our prior written consent.

m. Conditions for franchisor approval of transfer	14.3.2	Our approval of a proposed transfer is conditioned upon the satisfaction of the following conditions, as applicable: (i) all of your accrued monetary obligations to us, our affiliates, suppliers, and vendors have been paid; (ii) you have cured all existing defaults under the Franchise Agreement, and any other agreement with us, our affiliates, and Approved/Required Suppliers, within the time period permitted for cure and have substantially complied with these agreements during their respective terms; (iii) you and your principals and the transferee (if it had any prior relationship with us or our affiliates) must execute a general release under seal in favor of us and our affiliates (including our officers, directors, shareholders and employees, in their corporate and individual capacities) in the form we prescribe; (iv) you or the transferee has provided us with a copy of the executed purchase agreement for the Franchised Business, as well as all other documents relevant to the transaction, and we agree to the terms of the agreement; (v) transferee must satisfactorily demonstrate to us, in our sole discretion, that it meets our educational, managerial and business standards to operate the Franchised Business; (vi) transferee must execute our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement, and assume a full term as set forth in the then-current form of franchise agreement for new franchisees; or, at our option, entering into an assignment and assumption of the Franchised Business and all rights and obligations thereunder; (vii) you and transferee must pay us our transfer and training fees; (viii) transferee must satisfactorily complete our Initial Training Program at its own expense within the time frame we designate; (ix) you, your principals and members of their respective immediate families must comply with the post-termination provisions of the Franchise Agreement; (x) transferee must obtain and maintain all permits and licenses required for the operation of the Franchised Business within the time limits we set; (xi) if you are operating from a lease location, the lessor of that location must approve the assignment of the lease to the transferee; (xii) the transfer must comply with any state and federal laws that apply to the transfer; (xiii) you must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership; (xiv) the purchase price and its terms are not overly burdensome; (xv) you must request that we provide the transferee with our current form of disclosure document; (xvi) our approval of your transfer does not constitute a waiver of any claims we might have against you; (xvii) we may disclose to any prospective transferee financial information concerning you and your Franchised Business which you have supplied to us under the Franchise Agreement; and (xviii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.
	14.4	If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer, and such assignment will not be subject to Franchisor's right of first refusal: (i) The corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business; (ii) Franchisee is, and at all times remains, the owner of at least fifty-one percent (51%) of the outstanding shares

		of the corporation or a controlling interest in the limited liability company; (iii) The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; (iv) All stockholders of the corporation, or members and managers of the limited liability company, as applicable, must execute Franchisor's prescribed form of personal guaranty; and (v) At Franchisor's request, Franchisee will furnish true and correct copies of all documents and contracts governing the rights, obligations, and powers of Franchisee's owners and agents (such as articles of incorporation or organization and partnership, operating or shareholder agreements and similar documents).
n. Franchisor's right of first refusal to acquire franchisee's business	14.3.1	We have the right to match any bona fide third-party offer to buy your franchise rights, assets or controlling interest that is the subject of a proposed transfer (other than a transfer from an individual franchisee to a business entity as described in Section 14.4 of the Franchise Agreement). We may exercise this right of first refusal within 30 days of the date you provide us with a copy of the third-party offer and any other information that we request. If we do not exercise this option, you must complete the transfer to the third party within 60 days, subject to the conditions set forth in Section 14.3.2. Otherwise, we will once again have our right of first refusal.
o. Franchisor's option to purchase franchisee's business	16.2	Upon your termination, we may purchase personal property used in connection with the operation of the Franchised Business by: (i) providing you with notice of our election to do so within 60 calendar days of the expiration/termination of your Franchise Agreement; and (ii) pay you the book value for such personal property within 60 days of providing you with this notice.
p. Death or disability of franchisee	14.2.1 14.2.2	Upon the death, disability, physical or mental incapacity of any person with an interest in the Franchise Agreement, the franchisee, or in all or substantially all of the assets of the Franchised Business, the personal representative of such person shall have the right to continue operation of the Franchised Business if: (i) within 180 days from the death/disability/incapacity, the representative meets our then-current standards to own a Franchised Business, and has obtained our prior written approval and has executed our then-current form of franchise agreement for the unexpired terms of the franchise, or has otherwise furnished a personal guaranty of any business entity franchisee's obligations to us and our affiliates; and (ii) this person successfully completes our then-current Initial Training Program, which will be provided at our then-current training tuition rate. In the case of a transfer by demise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the aforementioned conditions, the personal representative of the deceased franchisee will have a reasonable time, in our sole discretion and not to exceed 180 days from the date or transfer by demise or inheritance, to dispose of the deceased's interest in the Franchised Business subject to all the terms of the Franchise Agreement. If the interest is not disposed of in the manner and time frame provided in the immediately preceding sentence, then we may terminate the Franchise Agreement. We may, but are not obligated to, operate the Franchised Business during the 180-day period following the death/incapacity/disability, and we may pay ourselves a reasonable amount to reimburse us for providing management services and our other costs.
q. Non-competition covenants during	17.1	During the term of the Franchise Agreement, neither you, nor your owners, officers, directors, principals or Designated Managers, nor any member of the

the term of the franchise		their immediate families may directly or indirectly: (a) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers any products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") within the Territory or the territory of any other System franchisee, provided that Section 17.1.1 of the Franchise Agreement does not apply to: (i) your ownership of a Franchised Business under a Franchise Agreement with us; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services; or (b) Solicit any current, former, or prospective customer solicited by your Franchised Business or any other customer that you become aware of as a result of access to our System and other franchisees for any competitive purpose.
r. Non-competition covenants after the franchise is terminated or expires	17.2	For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your owners, officers, directors, or principals, nor any member of the immediate family of you or your owners, officers, directors, principals, or Designated Managers may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (1) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the Territory, (b) within a twenty-five (25)-mile radius of the Territory, or (c) within a twenty-five (25)-mile radius of any other Territory franchised or licensed by us to a Franchised Business as of the date of expiration/termination of the Franchise Agreement. This covenant does not apply to: (i) your ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing Competitive Services; and (2) solicit any current, former, or prospective customer solicited by your Franchised Business or any other customer that you have become aware of as a result of access to our System and other franchisees for any competitive purpose.
s. Modification of the agreement	22.1	The Franchise Agreement may not be modified except by a written agreement that both of us sign.
t. Integration/ merger clause	22.1	Only the terms of the Franchise Agreement and the Franchise Disclosure Document are binding (subject to state law). Any representations or promises made outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	18.2 18.3	You must first bring any claim that is between us to the attention of our Global CEO or COO(USA). You must first exhaust our internal dispute resolution procedures before you may bring your dispute before a third party. The requirement that you must first attempt to resolve disputes internally will survive the termination or expiration of your term. At our option, any disputes and claims that are not resolved by Internal Dispute Resolution must, at our option, be submitted to mediation. The mediation will take place in the county where our current headquarters is located, which is currently Dallas County, Texas, under the auspices of the American Arbitration

		Association ("AAA") in accordance with the AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. Once we receive your notice, we will have sixty (60) days to notify you as to whether we or our affiliates elect to exercise the option to submit such claim or dispute to mediation. You may not commence any action against us or our affiliates regarding any claim or dispute in any court unless we fail to exercise our option to submit the claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our right to mediation, as set forth herein, may be specifically enforced by us. Each party shall bear its own cost of mediation, except that we will share the mediator's fees with you equally. This agreement to mediate will survive any termination or expiration of the Franchise Agreement.
	18.3.1	The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim relates to an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; or (ii) any of the restrictive covenants contained in the Franchise Agreement.
	18.4	Except as set forth in the Franchise Agreement, any controversy, claim, or dispute arising out of or relating to the Franchised Business, Franchise Agreement or its breach, shall be submitted to binding arbitration before and in accordance with the commercial rules of arbitration of the American Arbitration Association. The arbitration shall be conducted at our principal office by one arbitrator. Regardless of any contrary provision of the Franchise Agreement relating to which state laws govern, all issues relating to arbitrability or the enforcement of the agreement to arbitrate shall be governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.) and the federal common law of arbitration. Only the terms of the Franchise Agreement and other written agreements are binding (subject to applicable law). Any representations or promises made outside of the disclosure document and franchise agreement may not be enforceable.
v. Choice of forum	18.5	Subject to applicable state law, and except for matters to be arbitrated, the parties submit to the exclusive jurisdiction of the courts of the state and county where we have our principal office (currently, Farmers Branch, Texas) on the date any proceeding is commenced.
w. Choice of law	18.1	Texas law governs all claims arising out of the Franchise Agreement, without reference to its conflict of laws provision (subject to state law).

ITEM 18
PUBLIC FIGURES

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

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) franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Background

The following presents certain financial performance information during the 2025 calendar year (the "Measurement Period") for each franchisee that met certain qualifying criteria. We did not include data for all franchisees as set forth herein.

As of December 31, 2025, there were 45 franchisees open and operating (with a total of 107 Territories), and 31 of these franchisees are "Qualifying Franchisees." Of the 45 franchisees that were open and operating as of December 31, 2025, 14 franchisees were not considered Qualifying Franchisees for the following reasons: (i) 12 franchisees (with a total of 19 Territories) were excluded because they opened during the Measurement Period and therefore were not open for the entire Measurement Period; and (ii) 2 franchisees (with a total of 2 Territories) were excluded because they were non-operational during the Measurement Period.

For purposes of this Financial Performance Representation, each franchisee is considered a separate "outlet," although some franchisees operate in multiple Territories. The 31 franchisees whose data was included in this Financial Performance Representation operate a total of 85 Territories as of December 31, 2025. We have created the following subsets based on the number of Territories owed as of December 31, 2025, as reflected in the table below:

Subset	Number of Territories Owned	Number of Franchisees	Total Number of Territories
1	All Franchisees	31	85
2	Franchisees Operating in 1 Territory	12	12
3	Franchisees Operating in 2-3 Territories	11	28
4	Franchisees Operating in 4-5 Territories	5	21
5	Franchisees Operating in 6-7 Territories	2	13
6	Franchisees Operating in more than 7 Territories	1	11

The determination of the number of Territories owned was made as December 31, 2025. For example, if a franchisee began 2025 with 2 Territories, closed a Territory in June 2025, and ended 2025 owning 1 Territory, the franchisee would be listed as a Franchisee Operating 1 Territory. In 2025, we had 1 franchisee (whose data is included in this Financial Performance Representation) change the number of Territories owned during the Measurement Period. This includes 1 new franchisee that purchased an existing franchise, plus two new Territories for a total of 3 Territories. This franchisee then merged with another franchisee that owned 4 Territories. Together, the new franchisee owned 7 Territories and is included in subset 5.

Part I of this Item sets for the average, median, high, and low Gross Revenue invoiced during the Measurement Period by the Qualifying Franchisees, divided into subsets based on the number of Territories owned.

Part II of this Item sets forth the average, median, high, and low Gross Revenue invoiced during the Measurement Period by the Qualifying Franchisees that operate a Mobile Unit only franchise, divided into subsets based on the number of Territories owned. If a Mobile Unit only franchisee opened a Retail Store during the Measurement Period, but the Retail Store was not open the entire Measurement Period, the franchisee is included in the Mobile Unit only table, and all retail sales are excluded from the 2025 Gross Revenue invoiced.

Part III of this Item sets forth the average, median, high, and low Gross Revenue invoiced during the Measurement Period by the Qualifying Franchisees that operate a Mobile Unit and a Retail location, divided into subsets based on the number of Territories owned. This subset includes all franchisees that had open Retail Locations for the entire Measurement Period.

PART I:

2025 GROSS REVENUE INVOICED (SUBSETS BASED ON NUMBER OF TERRITORIES OWNED)						
Subset (Number of Franchisees)	**Number of Territories Owned**	**Lowest**	**Highest**	**Median**	**Average**	**Number & Percent that Met or Exceeded Average**
Subset 1 (31 Franchisees)	All	$74,016	$20,787,806	$729,191	$1,613,596	6/31 (19%)
Subset 2 (12 Franchisees)	1	$82,943	$1,719,146	$194,529	$429,126	2/12 (17%)
Subset 3 (11 Franchisees)	2 - 3	$74,016	$2,934,691	$738,903	$982,662	5/11 (45%)
Subset 4 (5 Franchisees)	4 - 5	$486,757	$2,632,824	$1,577,394	$1,559,469	3/5 (60%)
Subset 5 (2 Franchisees)	6 - 7	$1,140,590	$4,336,945	$2,738,768	$2,738,768	1/2 (50%)
Subset 6 (1 Franchisee)	More than 7	$20,787,806	$20,787,806	$20,787,806	$20,787,806	1/1 (100%)

PART II:

MOBILE UNIT ONLY - 2025 GROSS REVENUE INVOICED (SUBSETS BASED ON NUMBER OF TERRITORIES OWNED)						
Subset (Number of Franchisees)	**Number of Territories Owned**	**Lowest**	**Highest**	**Median**	**Average**	**Number & Percent that Met or Exceeded Average**
Subset 1 17 Franchisees)	All	$74,016	$686,585	$185,189	$256,893	5/17 (29%)
Subset 2 (10 Franchisees)	1	$82,943	$404,730	$183,840	$188,847	4/10 (40%)
Subset 3 (6 Franchisees)	2 - 3	$74,016	$686,585	$268,026	$331,992	3/6 (50%)
Subset 4 (1 Franchisee)	4 - 5	$486,757	$486,757	$486,757	$486,757	1/1 (100%)
Subset 5 (0 Franchisees)	6 - 7	N/A	N/A	N/A	N/A	N/A
Subset 6 (0 Franchisees)	More than 7	N/A	N/A	N/A	N/A	N/A

PART III:

RETAIL LOCATION AND MOBILE UNIT - 2025 GROSS REVENUE INVOICED (SUBSETS BASED ON NUMBER OF TERRITORIES OWNED)						
Subset (Number of Franchisees)	**Number of Territories Owned**	**Lowest**	**Highest**	**Median**	**Average**	**Number & Percent that Met or Exceeded Average**
Subset 1 (14 Franchisees)	All	$1,140,590	$20,787,806	$1,560,461	$3,246,133	2/14 (14%)
Subset 2 (2 Franchisees)	1	$1,515,174	$1,719,146	$1,617,160	$1,617,160	1/2 (50%)
Subset 3 (5 Franchisees)	2 - 3	$1,198,741	$2,934,691	$1,496,308	$1,727,123	1/5 (20%)
Subset 4 (4 Franchisees)	4 - 5	$1,294,709	$2,632,824	$1,691,528	$1,827,647	1/4 (25%)
Subset 5 (2 Franchisees)	6 - 7	$1,140,590	$4,336,945	$2,738,768	$2,738,768	1/2 (50%)
Subset 6 (1 Franchisee)	More than 7	$20,787,806	$20,787,806	$20,787,806	$20,787,806	1/1 (100%)

General Notes

1. "Gross Revenue" means all revenue that the franchisee receives or otherwise derives from operating the Franchised Business, whether from cash, check, credit or debit card, or other credit transactions. If a franchisee receives any proceeds from any business interruption insurance applicable to loss of revenue at the Franchised Business, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to the franchisee in connection with the franchisee's purchase of products or supplies or its referral of customers. Gross Revenue does not include (i) any bond fide returns and credits that are actually provided to customers, (ii) any sales or other taxes that the franchisee collects from customers and pays directly to the appropriate taxing authority, or (iii) rebates negotiated by us and paid directly to the Franchised Business by Approved Suppliers. A franchisee may not deduct payment provider fees (i.e., bank or credit card company fees and gift card fees) from its Gross Revenue calculation.

2. "High" means the largest or highest number in a data set.

3. "Low" means the smallest or lowest number in a data set.

4. "Average" which is also known as the "mean," means the sum of all data points in a set, divided by the total number of data points in that set.

5. "Median" means the data point that is in the center of all data points used in a set. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing it by two.

6. In making the above Financial Performance Representation, we relied upon reports submitted to us by our franchisees. Neither we nor any independent certified public accountant has independently audited or verified the information.

7. The Financial Performance Representation is based on the historical results from the Qualifying Franchisees.

8. The Financial Performance Representation does not include any expense information. As a franchisee, you will incur a variety of expenses, such as payroll expenses (if you have employees or independent contractors), marketing expenses, gas, vehicle expenses, utilities as well as the initial and ongoing fees imposed under the Franchise Agreement.

9. The average Gross Revenue per van for the 31 Qualifying Franchisees during 2025 was $201,035. The median Gross Revenue per van for the 31 Qualifying Franchisees during 2025 was $148,283. The high amount for the 31 Qualifying Franchisees during 2025 was $430,621 while the low amount was $46,981. 11 out of the 31 Qualifying Franchisees (35%) met or exceeded the average Gross Revenue.

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

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

There are no material differences between the operations of the Qualifying Franchisees whose data has been included in this Financial Performance Representation and the Franchised Businesses being offered under this Franchise Disclosure Document.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Franchised Business, however, we may provide you with the actual records of that Franchised Business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Chief Operating Officer, Marla Mock, at 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 75244, (972) 971-7702.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1: System-wide Outlet Summary
For years 2023 to 2025*

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	60	58	-2
	2024	58	89	+31
	2025	89	107	+18
Company-Owned and Affiliate-Owned	2023	1	3	+2
	2024	3	0	-3
	2025	0	0	0
Total Outlets	**2023**	**61**	**61**	**0**
	2024	**61**	**89**	**+28**
	2025	**89**	**107**	**+18**

*The numbers in this and each Item 20 table represent the number of Territories that our franchisees operate in.

Table No. 2: Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For years 2023 to 2025

State	Year	Number of Transfers
Florida	2023	0
	2024	0
	2025	1
Georgia	2023	0
	2024	0
	2025	2
Texas	2023	0
	2024	0
	2025	2
Total	**2023**	**0**
	2024	**0**
	2025	**5**

Table No. 3: Status of Franchised Outlets
For years 2023 to 2025

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMIN ATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END @fiOF THE YEAR
Arizona	2023	17	0	17	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Arkansas	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	0	0	0	0	0	2
California	2023	2	0	0	0	0	0	2
	2024	2	4	0	0	0	0	6
	2025	6	3	0	0	0	0	9
Colorado	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
	2025	3	1	0	0	0	0	4
Florida	2023	4	2	0	0	0	0	6
	2024	6	0	1	0	0	0	5
	2025	5	6	0	0	0	0	11
Georgia	2023	1	1	0	0	0	0	2
	2024	2	2	0	0	0	0	4
	2025	4	3	0	0	0	0	7
Indiana	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Iowa	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Kentucky	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Minnesota	2023	0	7	0	0	0	0	7
	2024	7	2	0	0	0	0	9
	2025	9	0	0	0	0	0	9
Nevada	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	1	0	0	0
North Carolina	2023	0	0	0	0	0	0	0
	2024	0	4	0	0	0	0	4
	2025	4	0	0	0	0	0	4

Ohio	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Oklahoma	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
South Carolina	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	2	0	0	0	0	7
Tennessee	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	3	0	0	1
Texas	2023	23	1	4	0	0	0	20
	2024	20	11	1	0	0	0	30
	2025	30	7	1	0	0	0	36
Utah	2023	0	4	0	0	0	0	4
	2024	4	1	0	0	0	0	5
	2025	5	0	0	0	0	0	5
Wisconsin	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Total	**2023**	**60**	**19**	**21**	**0**	**0**	**0**	**58**
	2024	**58**	**33**	**2**	**0**	**0**	**0**	**89**
	2025	**89**	**23**	**1**	**4**	**0**	**0**	**107**

Table No. 4: Status of Company-Owned Outlets
For years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Texas	2023	1	2	0	0	0	3
	2024	3	0	0	0	3	0
	2025	0	0	0	0	0	0
Total	**2023**	**1**	**2**	**0**	**0**	**0**	**3**
	2024	**3**	**0**	**0**	**0**	**3**	**0**
	2025	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 5:
Projected Openings as of December 31, 2025

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year
Alabama	0	2	0
Arizona	0	1	0
Arkansas	0	1	0
California	0	2	0
Florida	0	2	0
Georgia	0	2	0
Indiana	0	1	0
Iowa	1	0	0
Kentucky	0	1	0
Mississippi	0	1	0
New Jersey	0	1	0
North Carolina	0	2	0
Oklahoma	0	1	0
South Carolina	0	2	0
Tennessee	0	2	0
Texas	3	4	0
Totals	**4**	**25**	**0**

In some instances, current and former franchisees will sign provisions restricting their ability to speak openly about their experience with the System. You may wish to speak to current and former franchisees but be aware that not all such franchisees will be able to communicate with you. A list of our current franchisees as well as franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement under the most recently completed fiscal year or who has not communicated with us within 10 weeks of the disclosure document is listed in **Exhibit H** to this Disclosure Document. We are not currently selling a previously owned outlet that is now under our control.

There are no trademark-specific organizations formed by our franchisees that are associated with our System. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit E to this Disclosure Document is our audited financial statements as of December 31, 2023, December 31, 2024, and December 31, 2025. Attachment E also includes our unaudited balance sheet and unaudited profit and loss statement as of February 28, 2026. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

Exhibit B: Franchise Agreement and Exhibits
- Exhibit A: Personal Guaranty and Guaranty of Spouses
- Exhibit B: Conditional Assignment of Franchisee's Telephone Number, Facsimile Numbers, and Domain Names
- Exhibit C: Confidentiality and Restrictive Covenant Agreement for Employees
- Exhibit D: Electronic Funds Withdrawal Authorization
- Exhibit E: Site Selection Addendum

Exhibit C: Form of General Release
Exhibit D: State Specific Addenda
Exhibit F: Sample Termination and Release Agreement
Exhibit I : Franchisee Questionnaire

ITEM 23
RECEIPTS

Exhibit K of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to Poolwerx Franchise Management LLC, 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 75244.

Exhibit A

To
Poolwerx Franchise Management LLC
Franchise Disclosure Document

List of State Administrators and Agents for Service of Process

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA	CONNECTICUT
(state administrators) Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 2101 Arena Blvd. Sacramento, CA 95834 (866) 275-2677 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome St., #600 San Francisco, California 94104 (415) 972-8559 (agents for service of process) California Commissioner of the Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 Commissioner of Department of Financial Protection and Innovation One Sansome Street #600 San Francisco, California 94104	(state administrator) State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 (agent for service of process) Banking Commissioner

<u>HAWAII</u> (state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	**<u>ILLINOIS</u>** Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
<u>INDIANA</u> (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**<u>MARYLAND</u>** (state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (agent for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
<u>MICHIGAN</u> (state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117 (agent for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909	**<u>MINNESOTA</u>** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 539-1600 (agent for service of process) Minnesota Commissioner of Commerce

<table>
<tr><td><u>NEW YORK</u>

(state administrator)
Office of the New York State Attorney General
Attention: Barbara Lasoff
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
(212) 416-8236

(agent for service of process)
New York Department of State
Attention: UCC
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231
(518) 473-2492</td><td><u>NORTH DAKOTA</u>

North Dakota Insurance & Securities Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910</td></tr>
<tr><td><u>OREGON</u>

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387</td><td><u>RHODE ISLAND</u>

Securities Division
Department of Business Regulation,
Bldg. 69, First Floor
John O. Pastore Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9582</td></tr>
<tr><td><u>SOUTH DAKOTA</u>

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563</td><td><u>VIRGINIA</u>

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

(for service of process)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733</td></tr>
</table>

WASHINGTON	WISCONSIN
(state administrator) Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760 (agent for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501	(state administrator) Division of Securities Department of Financial Institutions 201 W Washington Avenue, 3rd Floor Madison, Wisconsin 53703 (608) 266-1064 (agent for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W Washington Avenue, 3rd Floor Madison, Wisconsin 53703

Exhibit B
to
Poolwerx Franchise Management LLC
Franchise Disclosure Document

<u>Franchise Agreement</u>

POOLWERX FRANCHISE MANAGEMENT LLC

FRANCHISE AGREEMENT

TABLE OF CONTENTS

SECTION **PAGE**

EXHIBITS

DATA SHEET

Franchisee:	______________________
Owner Information:	________ Name ________ Phone ________ Email ________ %
	________ Name ________ Phone ________ Email ________ %
	________ Name ________ Phone ________ Email ________ %
EIN/FEIN:	______________________
Franchisee Address:	______________________
Trust Name: (if applicable)	______________________
Guarantors:	______________________
Manager:	______________________
Manager's Address:	______________________
Manger's Phone Number and E-Mail Address:	______________________
Doing Business As (DBA):	______________________
Retail Location:	______________________ (insert address if there is an existing Retail Location – if not, refer to Section 7.3)
Territory Name:	______________________ (The Territory includes all areas within the boundaries shown on the map)
Initial Franchise Fee:	______________________

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement" or "Franchise Agreement") is entered into and made effective on ________________ (the "Effective Date"), by and between: (i) Poolwerx Franchise Management LLC, a Delaware limited liability company, with its principal place of business at 4801 Spring Valley Road, Suite 103, Farmers Branch, Texas 75244 ("Franchisor"); and (ii) ________________________, a ____________ ______________________ with its principal place of business at _______________________________, which is identified more fully in the attached Data Sheet ("Franchisee").

RECITALS

A. Through the expenditure of a considerable amount of time, effort, and money, Franchisor and its affiliates have developed a system for the operation of franchised businesses under its then-current proprietary marks and other rights granted to Franchisor and its affiliates (each, a "Franchised Business") that offer residential and commercial pool maintenance services, pool cleaning, installation and remodel services, retail pool supplies, and other products and services designated by Franchisor from time to time (collectively, "Approved Products and Approved Services").

B. Franchised Businesses are established and operated using an operating system operating system owned or accessed by Franchisor and its affiliates, the distinguishing characteristics of which includes: (i) valuable know-how, information, trade secrets and methods; (ii) Franchisor's proprietary standards and specifications for certain products and services used in connection with providing Franchisor's Approved Products and Approved Services to customers; (iii) certain products developed or accessed by Franchisor and/or its affiliates, including technology platforms; (iii) Franchisor's standards and specifications for sales techniques, marketing and advertising programs; (iv) proprietary initial and ongoing training programs; and (v) standards and specifications for operating the Franchised Business in the manner set forth in this Agreement and Franchisor's proprietary and confidential operations manual (the "Operations Manual") that franchisees have access to, which may be modified from time to time by Franchisor (collectively, the "System").

C. The System is identified by Franchisor's then-current proprietary trademarks, service marks, trade dress, logos and other indicia of origin (collectively, the "Proprietary Marks") and other rights granted to Franchisor and its affiliates. The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System will be owned exclusively by Franchisor or its affiliates and be used for the benefit of Franchisor, its affiliates and Franchisor's franchisees to identify to the public the source of the products and services marketed thereunder. Franchisor may continue to develop, expand, use, control, and add to the Proprietary Marks and System for the benefit of itself, its affiliates, and its franchisees and licensees in order to identify for the public the source of products and services marketed thereunder and to represent the System's high standards of quality and service.

D. Franchisor offers franchises for the development and operation of Franchised Businesses to be operated and promoted within a designated geographical territory (the "Territory").

E. Franchisee desires to establish and operate a Franchised Business within the Territory hereinafter designated, to use in connection therewith, Franchisor's System and the

Proprietary Marks and to derive the benefits of Franchisor's information, experience, advice, guidance and customer goodwill.

F. Franchisor wishes to grant Franchisee the right to open and operate a Franchised Business based on Franchisee's representations to Franchisor, including those representations set forth in Franchisee's franchise application, in accordance with the terms and conditions set forth in this Agreement.

G. Franchisee will establish and operate the Franchised Business as a mobile-based business ("Mobile Unit") and will develop a retail store (the "Retail Location") within the time period described in Section 1.3 of this Agreement. If this Agreement is entered into by a transferee pursuant to Section 14 whose transferor operated solely as a Mobile Unit under a prior franchise agreement, the deadline for establishing the Retail Location shall be adjusted as provided in Section 1.3 of this Agreement.

H. Franchisee recognizes the importance to Franchisor, to its other franchisees and to the public of maintaining the integrity, standards, qualities and attributes of products and services associated with the Proprietary Marks and System, and is willing to adhere to certain uniform standards, procedures and policies to maintain such integrity, standards, qualities and attributes.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1 GRANT OF FRANCHISE

1.1 **Grant and Acceptance**. Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a non-exclusive license to establish and operate one (1) Franchised Business in the Territory, under the System and Proprietary Marks identified below, and the right to use the System and Proprietary Marks in the operation of the Franchised Business within the Territory. Except as otherwise provided in this Agreement, Franchisee may only offer and sell Franchisor's Approved Products and Approved Services within the Territory set forth in Section 1.2 of this Agreement and the Data Sheet. Franchisor has the right to supplement, improve or otherwise modify the System from time to time at Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify as well as refurbishments and upgrades to Retail Locations to meet brand standards. Franchisee acknowledges and agrees that this Agreement does not grant Franchisee the option or right to purchase additional Franchised Businesses and/or additional territories.

1.2 **Territory**. Except as otherwise provided in this Agreement and for so long as Franchisee is not in default of this Agreement, Franchisor shall not establish and operate, nor license any other third-party the right to establish and operate, any Franchised Business under the System and the Proprietary Marks within the designated area identified in the Data Sheet, the terms of which are incorporated herein by reference (the "Territory") during the term of this Agreement. The Territory will typically have approximately 6,500 pools. Factors such as population density and demographics including household income are also considered when constructing the Territory. Franchisor and its affiliates retain all other rights, including without limitation, those rights set forth in Sections 1.4 through 1.7 of this Agreement. Franchisee is permitted to conduct the Franchised

Business outside of the Territory provided that (a) Franchisee will not be operating within another franchisee's territory, (b) Franchisee received Franchisor's prior written consent (in accordance with the approval procedures set forth in the Operations Manual), (c) the Gross Revenue generated from outside of Franchisee's Territory is not more than fifteen percent (15%) of Franchisee's total monthly Gross Revenue, and (d) Franchisee does not open any Retail Location outside of the Territory. Other than these operations, Franchisee is not permitted to market or operate the Franchised Business outside of the Territory without Franchisor's prior written consent. All sales and other activities conducted within or outside the Territory must be conducted in accordance with the terms of this Agreement and Franchisor's operating methods, standards and specifications as set forth in the Operations Manual (as defined in Section 6.1).

1.3 **Retail Location**. Within 36 months of the Effective Date of this Agreement, Franchisee must secure the Retail Location for the Franchised Business. Franchisor shall provide Franchisee with standards and specifications for the design and layout of the premises of the Retail Location, and Franchisor must review and approve any proposed location, as well as any lease associated with the proposed location, prior to Franchisee entering into any lease for the proposed location. If Franchisor has not approved a location from which Franchisee must operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into Franchisor's prescribed form of Site Selection Addendum (as attached as Exhibit E), the terms of which will govern the parties' site selection obligations. Franchisee may not relocate, refurbish or close the Franchised Business without Franchisor's prior written consent. Franchisor may condition its approval of any Retail Location on the landlord's execution of Franchisor's form of Consent and Agreement of Landlord attached to this Agreement as Exhibit F. Notwithstanding the foregoing, if this Agreement is entered into by (i) a transferee pursuant to Section 14 where the transferor operated as a Mobile-Unit only franchisee, or (ii) a current franchisee that operates as a Mobile-Unit only franchisee that is renewing their franchise agreement, the 36-month period to secure the Retail Location shall be reduced to twelve (12) months from the Effective Date of this Agreement (or such longer period as agreed to by Franchisor).

1.4 **National Accounts**. Franchisor will have the exclusive right, on behalf of itself, its affiliate(s), Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreements to provide services to "National Accounts," including National Accounts that Franchisee has solicited or serviced. Franchisee may not solicit any National Accounts outside of the Territory or solicit any National Accounts within or outside of the Territory who are already under contract with Franchisor.

1.4.1 The term "National Account" means any business or businesses under common control, ownership, or branding, which operate locations in or deliver products and services beyond the Territory, regardless of the volume of products and/or services to be purchased by the customer. Any dispute as to whether a particular customer is a National Account will be determined by Franchisor at its sole discretion and Franchisor's determination will be final and binding.

1.4.2 If Franchisee is not qualified to perform the work for a National Account, or rejects the work, then Franchisee acknowledges and agrees that Franchisor shall have the right, exercisable at its sole discretion, to (i) provide, directly or through any other licensee or franchisee using the Proprietary Marks, such services to the National Account customer location(s) within the Territory and/or (ii) contract with another party to provide such services to the National Account customer location(s) within the Territory, on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account customer.

1.4.3 Franchisee agrees that neither the direct provision by Franchisor or a franchisee, licensee, or designee of Franchisor of services to National Account customers as authorized above, nor Franchisor's contracting with another party to provide such services as authorized above, shall constitute a violation of the grant of license contained in this Agreement or any other provision of this Agreement, even if such services are delivered from a location within the Territory. Franchisee disclaims any right to compensation or consideration for work performed by others in the Territory pursuant to this Section.

1.5 **Reservation of Rights**. Franchisee acknowledges that, except as otherwise provided in this Agreement, Franchisee's right to provide the Approved Products and Approved Services, and otherwise use the Proprietary Marks and System, within the Territory is non-exclusive and Franchisor and its affiliates expressly reserve the right to: (i) open and operate, and license others the right to open and operate, Franchised Businesses that offer Approved Products and Approved Services using the Proprietary Marks and System at any location outside of the Territory; (ii) open and operate, and license others the right to open and operate, businesses that offer similar products and services to those offered by the Franchised Business under any other mark at any location, within or outside the Territory; (iii) acquire, or be acquired by, any company, including a company operating one or more businesses near the Franchised Business that offer products and services that are the same or substantially similar to the Approved Products and Approved Services; (iv) designate and service National Accounts; and (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System to engage in any other activities not expressly prohibited in this Agreement.

1.6 **Alternate Channels of Distribution.** Franchisee acknowledges and agrees that certain of Franchisor's or its affiliates' Approved Products and Approved Services, whether now existing or developed in the future, may be distributed in Franchisee's Territory by Franchisor, Franchisor's affiliates, or other third parties that Franchisor designates, in such manner and through such channels of distribution as Franchisor, at its sole discretion, shall determine. Such alternate channels of distribution will include, but are not limited to, the sale and distribution of the Approved Products and Approved Services via the Internet and through joint marketing with partner companies under terms and conditions that Franchisor deems appropriate. Franchisee understands that this Agreement grants Franchisee no rights to: (i) distribute Approved Products and Approved Services as described in this Section; or (ii) to share in any of the proceeds received by any such party therefrom, unless Franchisor agrees to allow such distribution in writing through approved channels.

2 TERM AND RENEWAL

2.1 **Term**. The initial term of the Agreement is for a period of ten (10) years, which will commence on the date Franchisor executes this Agreement.

2.2 **Renewal**. Franchisee has the right to renew this Agreement for one (1) successive, additional 10-year period, provided Franchisee has met the following conditions ("Renewal Term"):

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least six (6) months, and no more than nine (9) months, prior to expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right operational capability and financial capacity to operate the Franchised Business at the

Retail Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Retail Location, Franchisee has secured a substitute location within the Territory acceptable to Franchisor;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, prior to the expiration of the then-current term, any updates to all required equipment, supplies, inventory, hardware and software, and vehicles to bring the Franchised Business into full compliance with Franchisor's then-current System standards and specifications, and Franchisee must have completed all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business's Retail Location so that it satisfies Franchisor's then-current standards;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's Approved Suppliers, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, Franchisor's Approved Suppliers, and has timely met these obligations throughout the term of this Agreement;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement (which may include, without limitation, increased royalty and other fees and insurance requirements), at least three (3) months prior to the expiration of this Agreement. If Franchisee operated under a prior form of franchise agreement that contained multiple territories, Franchisee shall be obligated to execute a separate franchise agreement in connection with each territory;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees at Franchisee's expense, if any, as of the date of such renewal, and Franchisee has otherwise obtained and maintained all licenses, permits and approvals required by federal and state law applicable to providing the Approved Products and Approved Services at any location within the Territory, or if providing Approved Products and Approved Services outside the Territory with Franchisor approval, that Franchisee has maintained all licenses, permits, and approvals required by federal and state law applicable to the area outside of the Territory;

2.2.8 Franchisee and its principals execute a general release in the form Franchisor prescribes; and

2.2.9 Franchisee pays a renewal fee in an amount equal to $12,500, plus all associated costs incurred by Franchisor (the "Renewal Fee").

2.3 **Holding Over**. If Franchisor permits Franchisee to continue operating after the expiration of this Agreement, then, without prejudice to any other right that Franchisor has under this Agreement or applicable law:

2.3.1 Franchisee will continue operating the Franchised Business pursuant to this Agreement on a monthly basis;

2.3.2 The Royalty Fee shall be increased to nine percent (9%) of Gross Revenue; and

2.3.3 The monthly license may be terminated by either party giving the other 30 days' written notice, which can be sent to the other party any day after the expiration of this Agreement.

3 FEES AND MANNER OF PAYMENT

3.1 **Initial Franchise Fee; Veteran Discount**. In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor a lump sum initial franchise fee amounting to ________________________ ($___________) (the "Initial Franchise Fee"), which is due at the signing of this Agreement and deemed fully earned and non-refundable upon payment, in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor's lost or deferred opportunity to franchise others. If Franchisee purchases the right to operate multiple Franchised Businesses at the same time, Franchisee will receive a $10,000 discount on the Initial Franchise Fee in connection with the second Franchised Business and a $15,000 discount on the Initial Franchise Fee in connection with the third and each additional Franchised Business purchased in one transaction.

If Franchisee was honorably discharged from any branch of the United States Military, the Initial Franchise Fee will be discounted by 10% for the grant of the Franchised Business. The discount only applies to the first Franchised Business.

3.2 **Royalty Fee.** Franchisee must pay Franchisor a royalty fee deducted on the 15th day of each month for the prior month in an amount equal to seven percent (7%) of the Gross Revenue generated by the Franchised Business for the prior month (the "Royalty"). If Franchisee is operating the Franchised Business during a holdover period, the Royalty increases to nine percent (9%) of Gross Revenue.

"Gross Revenue" means all revenue that Franchisee receives or otherwise derives from operating the Franchised Business, whether from cash, check, credit or debit card, or other credit transactions. If Franchisee receives any proceeds from any business interruption insurance applicable to loss of revenue at the Franchised Business, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to Franchisee in connection with Franchisee's purchase of products or supplies or its referral of customers. Gross Revenue does not include any (i) bona fide returns and credits that are actually provided to customers, (ii) sales or other taxes that Franchisee collects from customers and pays directly to the appropriate taxing authority, or (iii) rebates negotiated by us and paid directly to the Franchised Business by Approved Suppliers. Franchisee may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from its Gross Revenue calculation.

3.3 **Gross Revenue Report**. Franchisee shall send Franchisor a signed report ("Gross Revenue Report") for the immediately preceding month in the manner and form specified by Franchisor. Each Gross Revenue Report must set forth: (i) Franchisee's Gross Revenue generated during the previous calendar month; (ii) Franchisee's calculation of the Royalty and Brand Fund Contribution (as defined in in this Agreement); and (iii) any other information Franchisor may require. Franchisor may change the form, interval and content of the Gross Revenue Report from time to time, upon notice to Franchisee. Currently, the Gross Revenue Report is pulled directly from Franchisee's POS System, however, if this process changes in the future and Franchisor does not have access to a monthly Gross Revenue Report from Franchisee, Franchisee is responsible for sending Franchisor a monthly Gross Revenue Report.

3.4 **Method of Payment**. With the exception of the Initial Franchise Fee and Renewal Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the "EFT Program"), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the "EFT Account"). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank's name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time. If any Gross Revenue Report has not been received within the required time period, then Franchisor may process an electronic funds transfer for the subject month based on the most recent Gross Revenue Report provided by Franchisee to Franchisor, provided, that if a Gross Revenue Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then Franchisor may withdraw additional funds through an electronic funds transfer from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

3.5 **Brand Fund Contribution**. As set forth more fully in Section 12 of this Agreement, Franchisor has established a brand fund for advertising and brand promotion (the "Brand Fund"). Franchisee shall make monthly Brand Fund contributions of three percent (3%) of Gross Revenue generated by the Franchised Business for sales made during the immediately preceding calendar month (the "Brand Fund Contribution"). Brand Fund Contributions are to be paid as directed by Franchisor via the EFT Program on or before the 15th day of each month, or as otherwise required by the Operations Manual or in writing by Franchisor. Franchisor will have the right to expend the funds accumulated in the Brand Fund in Franchisor's sole discretion.

3.6 **Local Area Marketing Requirement**. Franchisee shall expend a minimum of (i) one percent (1%) of monthly Gross Revenue for a Mobile Unit, and (ii) when Franchisee opens the Retail Location, Franchisee must spend a minimum of two percent (2%) of monthly Gross Revenue on local area marketing (the "LAM Requirement").

3.7 **Technology Fee**. Franchisee shall pay Franchisor a monthly technology fee equal to the greater of (i) two percent (2%) of monthly Gross Revenue, or (ii) $250 per month ("Technology Fee"). The Technology Fee is the cost associated with the use of the Technology Platform. The

"Technology Platform" is the integrated technology platform developed by Franchisor, its affiliates, and other third parties that Franchisee is required to use in the operation of the Franchised Business, which includes rights for the use, hosting, ongoing support and maintenance of the Technology Platform and acquiring and customizing the corresponding software. It may include features such as field service management, water testing, point of sale, inventory management, finance management and such other functions, features, and uses as determined by Franchisor. Franchisee shall pay the Technology Fee to Franchisor or its designee on a monthly basis on or before the 15th day of the month, or as otherwise set forth in the Operations Manual or in writing by Franchisor. Franchisor reserves the right to increase the Technology Fee by the annual CPI increase (as set forth more fully below). To the extent that Franchisee is obligated to engage in any data migration, Franchisee will reimburse Franchisor its actual costs to perform such data migration services.

3.8 **Late and/or Under Payments and Interest**. All fee payments, amounts due for purchases by Franchisee from Franchisor and/or its affiliated companies, and other amounts which Franchisee owes to the Franchisor and/or its affiliated companies, not received on or before the due date, shall be deemed past due. If any payment or contribution is past due, Franchisee shall pay to the Franchisor immediately upon demand, in addition to the past due amount, Franchisor's then-current late fee per incident, plus interest on the past due amount from the date it was due until paid at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement.

3.9 **Insufficient Funds.** Any time an EFT withdrawal is denied due to Franchisee having insufficient funds in its account, Franchisee shall pay Franchisor the insufficient funds fee, which is $60 (the "Insufficient Funds Fee").

3.10 **No Right to Off Set**. Franchisee shall not be entitled to set off any payments required to be made under this Section 3 against any monetary claim it may have against Franchisor.

3.11 **Non-Exclusive Remedies**. Franchisor's right to recover interest and late payment fees under this Section shall not prevent Franchisor from obtaining, or otherwise waive, any other remedy available to Franchisor for Franchisee's breach of this Section as set forth in this Agreement or under applicable law.

3.12 **Taxes on Payments**. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment. Franchisee shall not be responsible for Franchisor's own taxes.

3.13 **CPI Increase.** Certain fees, such as the Technology Fee and convention fee are subject to periodic increases based on changes in the Consumer Price Index ("CPI"). "CPI" means the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index. Unless otherwise stated, any CPI-based increase will be calculated based on the percentage increase in the CPI between the most recently published CPI prior to the adjustment date and the CPI published for the corresponding period in the preceding year.

4 PROPRIETARY MARKS

4.1 **Franchisee's Use of the Proprietary Marks and Other Proprietary Material**.

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates and shall use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only for the operation of the Franchised Business and only in the Territory and in sales and marketing for the Franchised Business.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "®," as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and a business name approved in advance by Franchisor. Franchisee must promptly register at the office of the county in which Franchisee's Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Franchised Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Franchised Business premises.

4.1.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

4.1.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks that Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks and Operations Manual (collectively the "Proprietary Material"). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Proprietary Material. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the

Proprietary Material. If Franchisor, at Franchisor's sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, at Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Material, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor or its affiliates or licensors own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Material does not give Franchisee any ownership interest or other interest in or to the Proprietary Material;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in this Agreement, the license of the Proprietary Marks granted to Franchisee hereunder is non-exclusive and Franchisor retains the right, among others, to: (i) use the Proprietary Marks itself in connection with selling products and services; (ii) grant other licenses for the Proprietary Marks; and (iii) develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor reserves the right, at Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within thirty (30) days of receiving written notice (or such shorter timeframe as Franchisor may specify in the written notice) and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

5 CONFIDENTIAL INFORMATION

5.1 **Nondisclosure**. During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information. Franchisee may not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, as defined in Section 5.2. Upon termination or expiration of this Agreement, regardless of reason, Franchisee shall return all copies of such Confidential Information to Franchisor immediately and Franchisee may not use the Confidential Information for any purpose other than operating the Franchised Business in accordance with Franchisor's standards and specifications. Franchisee shall not upload, input, submit, or otherwise transmit any Confidential Information — including any Operations Manual or any portion thereof — into any artificial intelligence platform, large language model, generative AI tool, or similar technology, whether cloud-based or otherwise, regardless of whether such tool is designated as private or secure. Franchisee acknowledges that submitting Confidential Information to such platforms may result in that information being used to train third-party models or otherwise being disclosed beyond Franchisee's control, and that any such submission shall constitute a material breach of this Agreement.

5.2 **Confidential Information**. Confidential Information hereby includes, without limitation, any and all confidential, proprietary, and trade secret information relating to the operation of a Franchised Business, such as: all financial, operational, technical and marketing information; Operations Manual, Franchisor's System policies or procedures, and franchising materials, brochures, marketing plans, forecasts, and related information; cost data; pricing information; business plans; financial records and results of Franchisor's operations and other persons or entities operating a Franchised Business; confidential communications; technology platforms; research and development; photographs, devices, samples, models, and illustrations; software developed by or for Franchisor; prospective customer lists, customer lists and any information relating to Franchisor's customers or the customers of other System franchisees; patent, trademark, service mark, and copyright applications; information relating to inventions, discoveries, software and any other research and development information; methods of conducting the business developed by Franchisor or other franchisees, and any forms, memoranda, outlines, protocol, presentations, proposals, software, or other documents or information related to such methods; any information of a customer not generally known or available to the public; any Trade Secrets (as defined in Section 5.3 of this Agreement), or of a customer of Franchisor, or of any other franchisee; and any information about or originating from any Franchisee which, if it was information of Franchisor, are expressly deemed Confidential Information pursuant to the foregoing (collectively, "Confidential Information"). Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement.

5.3 **Trade Secrets**. Notwithstanding Section 5.2, trade secret means information (including, but not limited to, components of the System, product marketing and promotional techniques, confidential business information, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, list of actual or potential customers or Approved Suppliers) that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy (collectively, "Trade Secrets"). To the extent that applicable law mandates a definition of “trade secret” inconsistent with the foregoing definition, then the foregoing definition shall be construed in such a manner as to be consistent with the mandated definition under applicable law.

5.4 **Prevention of Unauthorized Use or Disclosure**. Franchisee shall adopt and implement all reasonable procedures as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any Confidential Information. Franchisee must ensure and require that all of its officers, agents, directors, shareholders, trustees, beneficiaries, partners, employees, and independent contractors who may obtain or who are likely to obtain knowledge concerning the Confidential Information (collectively, “Restricted Persons”) execute a confidentiality agreement protecting the Confidential Information prior to, or at the same time of, that person undertaking its role and/or employment or association with Franchisee or the Franchised Business. A sample form that Franchisee must update with its counsel in compliance with all laws of such agreement is attached to this Agreement as Exhibit C, and Franchisee must provide Franchisor with a copy of each signed agreement within ten (10) days of Franchisor’s request. Franchisor recommends that Franchisee develops the form of confidentiality agreement that Franchisee will use with Franchisee’s own counsel; provided, however, that Franchisee must provide Franchisor with notice of any material changes to the sample form of agreement attached hereto as Exhibit C.

5.5 **New Concepts.** If Franchisee, or Franchisee’s employees or principals, develop(s) any new concept, process or improvement in the operation or promotion of the Franchised Business, including, but not limited to, any modifications or additions to the Proprietary Material, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor’s sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee’s principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee’s principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries, and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Franchisee and Franchisee’s principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.5 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee’s principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee’s rights therein.

5.6 **Customer Privacy**. Franchisee agrees to adhere to the terms of Franchisor’s customer privacy policies Franchisor may now or in the future develop. Franchisee may not divulge personal information regarding any customers, except as absolutely necessary, to operate the Franchised Business.

6 FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual**. Prior to commencing operation of the Franchised Business, Franchisor will provide Franchisee with secure access to its operations manual, which contains mandatory and suggested specifications, standards and operating procedures for the System, which may be modified and/or supplemented by Franchisor at any time as Franchisor deems advisable in its sole discretion, including Franchisor's proprietary and confidential operations manual for operating a Franchised Business ("Operations Manual"). The Operations Manual may cover such topics as pre-opening procedures, systems and procedures, personnel policies, specifications for vehicles, supplies, equipment and inventory, marketing, accounting and bookkeeping and related matters as may be incorporated from time to time. The Operations Manual will remain confidential and the property of the Franchisor, constituting a trade secret of Franchisor, and may not be shared, loaned out, duplicated, distributed or copied in whole or in part in any manner. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisor will have the right to add to and otherwise modify the contents of the Operations Manual from time to time in writing in any manner, including through the Operations Manual, email, Franchisor's website, or any other means. Franchisee must always follow the directives in the Operations Manual, as they may be modified by Franchisor from time to time. Such compliance by Franchisee is necessary to protect the integrity and reputation of the System.

6.2 **Initial Supplies**. Franchisor will provide Franchisee with a list of all items and equipment needed to open the Franchised Business, along with the proprietary list of Approved Suppliers for those items (as applicable), with which Franchisee must comply.

6.3 **Ongoing Assistance**. Franchisor may provide Franchisee continuing consultation and advice, as Franchisor deems necessary and appropriate at its sole discretion, regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication, on-site visits, or other means. If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor may provide Franchisee with such assistance which costs $500 per person per day, plus expenses, including travel and lodging expenses (the "Training Fee"), as Franchisor deems necessary at its sole discretion. Franchisor may also use the Operations Manual to provide additional training materials.

6.4 **Additional Training**. As set forth more fully in Section 8, Franchisor may, at Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses to provide additional information and/or updates regarding Franchisor's System and/or the operation of the Franchised Business. Except as otherwise provided in this Agreement, Franchisor may require Franchisee and Franchisee's personnel to attend such additional training up to five (5) days per year at a location to be selected by Franchisor. All expenses, including Franchisee's and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility. If training is conducted at Franchisee's Retail Location or in Franchisee's Territory, Franchisee will be responsible to pay the Training Fee. Franchisor will provide Franchisee with thirty (30) days' notice of any upcoming additional or refresher training that Franchisee is required to attend.

6.5 **Remedial Training**. In the event Franchisor determines that Franchisee is not operating the Franchised Business as required under the Franchise Agreement or in compliance with the System standards, Franchisor may require Franchisee to attend up to five (5) days of remedial training a year (in addition to any required training). Franchisor has the right to schedule remedial training at its corporate headquarters or other designated training facility, or Franchisor may provide such training on-site at the Franchised Business. In either case, Franchisor may charge Franchisee its Training Fee.

6.6 **Pricing**.

6.6.1 Franchisor may advise Franchisee from time to time concerning suggested retail prices. Franchisor and Franchisee agree that any list or schedule of prices furnished to Franchisee by Franchisor is a recommendation only and is not to be construed as mandatory upon Franchisee, unless Franchisor may impose such prices in accordance with law. Nothing contained herein shall be deemed a representation or warranty by Franchisor that the use of Franchisor's suggested prices will result in a profit. Franchisee may charge whatever prices it deems appropriate without regard to Franchisor's suggested pricing.

6.6.2 Notwithstanding Section 6.6.1 above, Franchisor may establish, and Franchisee agrees to honor maximum retail prices for specified Approved Products and Approved Services ("Maximum Prices") where Franchisor determines, in its reasonable business judgment, that charging above such Maximum Prices would materially harm the goodwill, competitive position, or consumer value perception of the System. Any Maximum Prices shall be communicated to Franchisee in writing, including through the Operations Manual, with reasonable advance notice. Franchisee shall not charge consumers prices that exceed any applicable Maximum Price.

6.6.2 Franchisor may, from time to time, establish limited-duration promotional pricing programs applicable to all or a designated subset of franchisees within the System ("System Promotions"). System Promotions may include, without limitation, discounted combination offerings, limited-time price reductions, coupons, loyalty program redemptions, and digital or app-based offers. Franchisor shall provide Franchisee with reasonable advance written notice of any System Promotion, which notice shall specify the promoted products or services, the applicable promotional price or discount, and the duration of the promotion.

6.7 **Convention**. Franchisor may, at Franchisor's discretion, hold one or multiple conventions each year at a location to be selected by Franchisor (the "Convention"). Franchisor will determine the topics and agenda for such Convention to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding operations and programs, and recognizing franchisees for their achievements. Franchisee is required to attend the Convention and pay Franchisor's then-current registration fee, which is currently $3,525 per Franchisee (the "Convention Fee"). During Franchisee's first year, the Convention Fee is paid upon execution of this Agreement. Thereafter, the Convention Fee is currently collected in six equal installments, which may be updated by Franchisor in the Operations Manual or otherwise in writing from time to time. The Convention Fee currently covers the cost for two (2) people to attend the Convention and includes lodging and meals. Additional people may attend the Convention at a cost of $2,125 each, which includes lodging and meals. Franchisor reserves the right to increase the Convention Fee (as well as the cost for additional people to attend the Convention) by the annual CPI increase as well as by Franchisor's actual costs in conducting the Convention. Franchisor may use Brand Fund Contributions for purposes related to the Convention, including costs related to productions, programs, and materials. If Franchisee transfers, sells or assigns the Franchised Business and the Franchise Agreement to a third party, the unspent portion of the Convention Fee will be transferred to the buyer or assignee. If

Franchisee fails to attend the Convention, Franchisee hereby waives any right to reimbursement or return of the Convention Fee.

6.8 **Regional Meetings/Workshops.** Franchisee shall be required to attend all regional meetings and workshops designated by Franchisor. Franchisor shall provide Franchisee with reasonable advance notice of no less than thirty (30) days prior to any scheduled regional meeting or workshop. Franchisee shall be responsible for all costs and expenses associated with attendance, including but not limited to travel, lodging, and meals. Failure to attend a required regional meeting or workshop without prior written approval from Franchisor shall constitute a default under this Agreement. Franchisor reserves the right to determine the frequency, location, format, and content of regional meetings and workshops at its sole discretion. Franchisor may, from time to time, permit Franchisee to satisfy attendance requirements through virtual or remote participation, at Franchisor's sole discretion. Franchisee's principal owner or operator, or such other representative as approved in writing by Franchisor, must attend each regional meeting or workshop on behalf of Franchisee.

7 FRANCHISEE’S OBLIGATIONS

7.1 **Site Location and Lease Approval**. Within 36 months of the Effective Date of this Agreement, Franchisee shall expand the Franchised Business to include a Retail Location. Franchisee will obtain approval for the proposed location for the Retail Location at least 90 days prior to the end of the 36-month period. Franchisor shall provide Franchisee with standards and specifications for the design and layout of the premises of the Retail Location, and Franchisor must review and approve, subject to any conditions it deems necessary at its absolute discretion, any proposed location, as well as any lease associated with the proposed location, prior to Franchisee entering into any lease for the proposed location. If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties shall enter into Franchisor’s prescribed form of Site Selection Addendum, the terms of which shall govern the parties’ site selection obligations. Franchisor has the right to review, evaluate and approve Franchisee’s proposed lease for the Retail Location (“Lease”) prior to execution. Franchisor may condition Franchisor’s approval of any proposed Lease on, among other things, Franchisee and Franchisee’s landlord’s execution of a Consent and Agreement of Landlord in the form prescribed by Franchisor and attached hereto as Exhibit F.

7.1.1 *Relocation*. If, for any reason, the Lease term is shorter than the term of this Agreement and the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Location, Franchisee must relocate Franchisee’s Franchised Business to a mutually acceptable site within Franchisee’s Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee’s intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee’s current Retail Location, and open for business at the new Retail Location within thirty (30) days of closing business at Franchisee’s existing Retail Location. Franchisor may require Franchisee to reimburse Franchisor for its reasonable costs and expenses associated with evaluating Franchisee’s relocation request and/or any location proposed by Franchisee for relocation.

7.1.2 *Franchised Business Appearance and Construction*. Franchisee agrees that the Franchised Business must conform to Franchisor’s standards and specifications for the appearance, layout, and design of a Franchised Business as specified in the Operations Manual or otherwise notified by Franchisor from time to time. Franchisee is solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at the Retail Location and must ensure that plans meet with applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law.

7.1.3 *Use of Premises*. The location of Franchisee's Retail Location approved by Franchisor in accordance with this Agreement shall be used solely for the purpose of operating the Franchised Business, unless otherwise approved in writing by Franchisor. Franchisee must obtain Franchisor's prior written consent to conduct any other business or commercial activity from the Retail Location.

7.2 **Training**. Franchisee (or if Franchisee is an entity, then Franchisee's principals) must attend and successfully complete Franchisor's Initial Training Program as set forth more fully in Section 8 of this Agreement. Franchisor has the right to require up to one (1) individual to attend in addition to Franchisee.

7.3 **Opening Requirements**.

7.3.1 *Mobile Unit.* Franchisee shall open and commence operating the Mobile Unit within sixty (60) days of the Effective Date of this Agreement. In addition to any other pre-opening obligations set forth in this Agreement, Franchisee is required to complete the following prior to commencing operations: (i) obtain all required licenses, certifications, permits and other governmental approvals necessary to operate the Franchised Business in the Territory, and provide Franchisor with written proof thereof; (ii) purchase or lease all required vehicles, equipment, supplies, and inventory in accordance with Franchisor's standards and specifications and, if appropriate, from Franchisor's Approved Suppliers, that Franchisee is required to purchase prior to opening; (iii) attend and successfully complete Franchisor's Initial Training Program as described in this Agreement, as well as any other pre-opening training Franchisor may prescribe; (iv) provide Franchisor with any and all documents and information necessary for Franchisor to effectuate the EFT Program to automatically withdraw all payments due and owing Franchisor and its affiliates under the Franchise Agreement; and (v) obtain all insurance as specified by Franchisor in order for Franchisee to operate the Franchised Business.

7.3.2 *Retail Location.* Franchisee shall open and commence operating the Retail Location within thirty-six (36) months of the Effective Date of this Agreement. Notwithstanding the foregoing, if this Agreement is entered into by (i) a transferee pursuant to Section 14 where the transferor operated as a Mobile-Unit only franchisee, or (ii) a current franchisee that operates as a Mobile-Unit only franchisee that is renewing their franchise agreement, the 36-month period to secure the Retail Location shall be reduced to twelve (12) months from the Effective Date of this Agreement (or such longer period as agreed to by Franchisor).

7.4 **Purchasing Requirements**.

7.4.1 *Compliance with Standards.* Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to the same. Franchisee shall use the furnishings, supplies, fixtures, equipment, computer hardware and software, Approved Products and Approved Services, and product samples and promotional materials that comply with Franchisor's then-current standards and specifications, which Franchisor will establish and modify at Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

7.4.2 *Designated and Approved Suppliers.* Franchisee must use Franchisor's designated suppliers and service providers to purchase any Approved Products and Approved Services, items, software, and/or services necessary to operate the Franchised Business. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase product samples and other supplies, services, furnishings, fixtures, computer hardware and software, other equipment and utilize consulting services, including for auditing purposes, bookkeeping, marketing, or any other service from Franchisor or from approved or designated suppliers and service providers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing (each, an "Approved Supplier"). Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate and/or a third party may be one of several, or the only, Approved Supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to receive a rebate or to realize a profit or otherwise derive revenue on any products or services that Franchisor, Franchisor's affiliates or Franchisor's Approved Suppliers supply and/or provide to Franchisee. Franchisor has the irrevocable right to modify, supplement or otherwise change its list(s) of Approved Suppliers and any items or services that must be purchased from such Approved Suppliers at any time, as Franchisor deems advisable at its sole discretion. Franchisor may provide Franchisee with notice of such modifications to these lists via the Operations Manual or any other manner Franchisor deems appropriate.

7.4.3 *Supplier Approval.* In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor with the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, with a sample of the item Franchisee wishes to purchase. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole, as well as the maintenance of Franchisor's Confidential Information. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers.

7.4.3.1 Franchisee, or the proposed supplier, must pay Franchisor its actual costs that Franchisor incurs in connection with inspecting, assessing, and evaluating the alternate supplier, its facilities, and/or the previously non-approved item(s) proposed by Franchisee. If the costs Franchisor incurs are more than the amount Franchisee or the proposed supplier advanced, then Franchisor may withdraw additional funds through the EFT Program from Franchisee's designated bank account for the difference, or if the actual amount Franchisor incurs is less than the amount of the advancement, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

7.4.3.2 Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within ninety (90) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied.

7.4.3.3 Franchisor may, but is not obligated to, provide Franchisee's proposed supplier or provider with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement.

7.4.3.4 Each supplier that Franchisor approves of must comply with Franchisor's requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract.

7.4.3.5 Franchisor may re-inspect and revoke Franchisor's approval of products or suppliers when Franchisor determines, at Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier.

7.4.4 *Required Suppliers.* Franchisor may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that Franchisee is required to purchase from only that supplier (each, a "Required Supplier"). These Required Suppliers may provide, among other things, supplies, fixtures, technology, software, equipment, services, consulting services, bookkeeping services, and marketing services, all in accordance with Franchisor's proprietary standards and specifications, or private label goods that Franchisor has authorized and prescribed for sale by System franchisees. Franchisee recognizes that such products and services are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay Required Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay Required Suppliers as and when due. Franchisee must use products purchased from Approved Suppliers solely in connection with the operation of the Franchised Business and not for any competitive business purpose.

7.4.4 *Additional Mobile Units*. Following the commencement of operations of the initial Mobile Unit, Franchisee shall continuously monitor customer demand within the Territory and shall be obligated to secure and deploy additional Mobile Units if unmet demand within the Territory warrants the deployment of an additional Mobile Unit. Franchisee agrees that Franchisor may, in its reasonable business judgment, determine that Franchisee must secure an additional Mobile Unit and provide written notice to Franchisee of such determination. Franchisee shall, within 90 days of Franchisor's notice, secure an additional Mobile Unit for deployment in the Territory.

7.5 **Approved Products and Approved Services**. Franchisee shall offer for sale all products and services which Franchisor prescribes and only those products and services which Franchisor prescribes. Franchisee may not offer any other products or services for sale without having received Franchisor's prior written authorization. Franchisee shall at all times maintain sufficient levels of inventory, as specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee must offer, use and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees. In the event Franchisee wishes to offer any Approved Products or Approved Services that Franchisor indicates requires additional training or certification from Franchisor or its designee, then Franchisee must complete such training and/or obtain such certification, at Franchisee's sole expense, prior to providing these specialized Approved Products and Approved Services.

7.6 **Operations**.

7.6.1 *Hours of Operation.* Franchisee must operate the Franchised Business for at least those days, and number of hours Franchisor specifies in the Operations Manual.

7.6.2 *Maintenance of Premises and Customer Sites.* Franchisee must maintain the Franchised Business and all customer sites in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws, as well as this Agreement and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous, and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain, and enhance the reputation and goodwill of the System.

7.6.3 *Personnel/Staffing.* Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous, and efficient service to the public, and otherwise operate the Franchised Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of the Franchised Business during working hours shall dress conforming to Franchisor's standards and shall present a neat and clean appearance in conformance with Franchisor's reasonable standards and shall render competent, efficient service to the customers of the Franchised Business.

7.6.4 *Compliance with Operations Manual and Training of Employees.* Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual and shall continue such training and instruction as long as each employee is employed. The Operations Manual shall set forth the practices, procedures, and methods to be utilized in the Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed as part of Franchisor's System.

7.6.5 *Management Participation.* Franchisee must designate an individual to devote their personal full-time attention and best efforts to the operation of the Franchised Business, which may be an equity owner of Franchisee or a manager that is responsible for the day-to-day operation of the Franchised Business (the "Manager"). The Franchised Business must, at all times, be staffed by at least one individual who has successfully completed the Initial Training Program. In the event the Manager resigns or is otherwise no longer involved with the Franchised Business, the replacement must be trained pursuant to Franchisor's then-current standards. The new Manager must successfully complete training to Franchisor's satisfaction within 30 days of hiring. The Manager is not permitted to seek or maintain other employment during the term of the Franchise Agreement.

In the event that Franchisee operates more than one Retail Location within the Territory, Franchisor may require Franchisee to have a properly trained Manager, with Franchisor having the right to approve the Manager at each Retail Location. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as the Manager of the Franchised Business.

7.6.5.1 If Franchisee's Manager departs the Franchised Business and Franchisee does not have another Manager that satisfies the requirements in Section 7.6.5 above, then Franchisor may, at its option, provide Franchisee with a temporary replacement Manager and Franchisee shall be obligated to compensate the replacement Manager $500 per day, plus all costs, travel and living expenses.

7.6.6 *Working Capital.* Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations, and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

7.6.7 *Inventory.* Prior to commencement of operations, Franchisee shall adequately supply the Franchised Business with representative vehicles, tools, supplies, equipment and inventory as prescribed by the Franchisor, and any other items of the type, quantity and quality as specified by the Franchisor. Franchisee must, at all times, maintain sufficient levels of inventory, including Franchisor's proprietary products and other equipment and supplies used at customer sites, as required by Franchisor to adequately meet consumer demand.

7.6.8 *Products with Proprietary Marks*. Franchisee shall, in the operation of its Franchised Business, use and display labels, forms, vehicles, supplies, equipment and inventory imprinted with the Proprietary Marks and colors as prescribed by the Franchisor.

7.6.9 *Market Research*. Franchisor may, from time to time, conduct market research and testing to determine the viability of new products and services. Franchisee must cooperate by participating in such programs and by purchasing and promoting the sale of such test products and services, if required by the Franchisor.

7.7 **Franchised Business Inspection.** Franchisee agrees that, in order to maintain the high quality and uniform standards associated with the Franchise System and to protect its goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Franchised Business or attend a customer site, confer with Franchisee and Franchisee's employees and customers, observe and evaluate Franchisee's sales techniques and operation methods, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the franchise System and Franchisee's performance under this Agreement, the Operations Manual, and other standards and specifications required by Franchisor. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor. Franchisor is not required to provide Franchisee with any notice prior to conducting such an inspection.

7.8 **Computer Software and Hardware**.

7.8.1 *Computer System.* Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) a compatible "back office" computer system that complies with Franchisor's standards and specifications and is capable of operating designated and Required Software (as defined below); (b) Franchisor's technology system; (c) a custom and proprietary point of sale system (the "POS System"); (d) accounting software; (e) software applications and programs; (f) printers and other peripheral hardware or devices; (g) archival back-up systems; (h) Internet access mode and speed; (i) physical, electronic, and other security systems; and the Technology Platform (collectively, the "Computer System").

7.8.2 *Required Software.* Franchisor shall have the right, but not the obligation, to develop or designate: (i) computer software programs that Franchisee must use in connection with any component of the Computer System, including Franchisor's technology system software (the "Required Software"), which Franchisee shall install at Franchisee's expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System. If Franchisee wants to use any software that has not been previously approved or designated by Franchisor, Franchisee must obtain Franchisor's prior written consent before using any such software.

7.8.3 *Compliance with Requirements.* At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain the Computer System and, if applicable, the Required Software. A portion of the Technology Fee will go towards maintaining the Technology Platform, however, Franchisee is responsible for maintaining all computer hardware. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section shall be at Franchisee's sole cost and expense.

7.8.4 *Franchisor's Access.* Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee's Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's POS system and Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol ("IP") addresses and other information to facilitate Franchisor's access to the data described in this Section within twenty (20) days of opening the Franchised Business.

7.8.5 *Proprietary Software.* Franchisor, its affiliates or Approved Suppliers have a proprietary interest in databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor, its affiliates, or Approved Suppliers using the Computer System and/or Required Software (the "Proprietary Software"). In the future, Franchisor may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software and the information collected therefrom will be deemed Franchisor's Confidential Information.

7.8.6 *Computer Network*. Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor; (ii) view and print portions of the Operations Manual, including any updates or modifications thereto; (iii) download approved marketing materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training, in the event Franchisor makes such training accessible through this medium. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Franchisee understands and agrees that it is solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described in this Section.

7.9 **Personal Conduct**. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks or System into disrepute.

7.10 **Best Efforts**. Franchisee (or Franchisee's principals) and Franchisee's Manager (as applicable) must devote their personal full-time attention, skill and best efforts to the management and operation of the Franchised Business and to promote and increase the demand for the Franchisor's products and services within the Territory. Franchisee agrees that Franchisee may not, without the prior written consent of Franchisor, engage in any commercial activity that: (i) is not performed for the sole and direct benefit of the Franchised Business; (ii) may benefit or promote any other business; or (iii) may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System. Franchisee acknowledges that Franchisee's (or Franchisee's principals') violation of the terms in this Section will be a material breach of this Agreement, and Franchisor may terminate this Agreement with notice and without an opportunity to cure. The foregoing remedy shall be in addition to any other legal or equitable remedies that the Franchisor may possess.

7.11 **Telephone and Email Access.** Franchisor reserves the right to procure and supply all telephone numbers and email accounts associated with the Franchised Business and have direct access to all telephone numbers and email accounts.

7.12 **Payment of Debts**. Franchisee is solely responsible for: selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between Required Suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.13 **Compliance with Applicable Laws.** Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all government regulations relating to occupational hazards and health, trademark and copyright infringement, fair marketing laws, consumer protection, trade regulation, workers' compensation, unemployment insurance, withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA") regarding the construction, design and operation of the Franchised Business). Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

7.14 **Trade Secrets and Confidential Information**. Franchisee and all of its employees must maintain the confidentiality of all Confidential Information as set forth in this Agreement.

7.15 **Image**. Franchisee acknowledges that Franchisor has developed the System to offer and sell products and services which will distinguish the Franchised Business from other service businesses that offer similar products and services valued at different prices and with less attention paid to product quality and customer service. Franchisee agrees to offer products and services and to conduct the Franchised Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee, but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve System-wide uniformity and increase the demand for the products sold and services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor set forth to uniformly convey the distinctive image of a Franchised Business. Franchisee shall, in the operation of the Franchised Business, use only displays, bags, labels, forms, stationery and other products that Franchisor designates that are imprinted with the Proprietary Marks and colors, as prescribed from time to time by Franchisor.

7.16 **Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

7.17 **Standard Maintenance and System Conformity.** Franchisee agrees to repair, refinish, replace, and/or otherwise refurbish the Franchised Business's Computer System, POS System, Required Software, vehicle(s), equipment, tools and the Retail Location's furnishings, fixtures, decor, and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Retail Location in the manner necessary to bring it into conformance with other franchises of the type Franchisor's franchisees are opening at the time of such direction. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Retail Location or its vehicles or equipment, does not meet

Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within fifteen (15) days after receipt of such notice Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Retail Location and affect such maintenance on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

7.18 **Customer Service**. Franchisee must comply with any standards, specifications or methodologies that Franchisor establishes in the Operations Manual or otherwise in writing regarding customer service requirements, warranties on any Approved Products or Approved Services offered or sold by the Franchised Business, refund policies and other standards and specifications.

7.19 **Business Plan.** Franchisee must develop a business plan and provide a draft to Franchisor not less than 90 days prior to the commencement of each calendar year (the "Business Plan"). Franchisor will engage with Franchisee to discuss and approve the draft Business Plan, which will include Minimum Performance Criteria.

7.20 **Minimum Performance Criteria.**

7.20.1 "Minimum Performance Criteria" means the criteria specified in the Business Plan, including: (i) any key performance indicators specified in the Business Plan, the Operations Manual, or otherwise in writing from time to time; and (ii) matters relating to Gross Revenue, the development of the Franchised Business, and increasing market share in relation to competitor businesses offering the same or similar services to the Approved Services, or selling the same or similar products to the System products, within the Territory. Franchisee must achieve the Minimum Performance Criteria during each calendar year. The Minimum Performance Criteria will be reviewed in accordance with the review mechanism specified by Franchisor in the Operations Manual or otherwise in writing from time to time.

7.20.2 If Franchisee fails to achieve the Minimum Performance Criteria for any month during a calendar year, the Franchisee and Manager must attend a meeting with Franchisor to discuss the performance of the Franchised Business, at Franchisee's cost.

7.20.3 If Franchisee fails to achieve the Minimum Performance Criteria for reasons within Franchisee's control, Franchisor may require Franchisee to immediately (i) take corrective action, (ii) ensure the Franchisee, the Manager, and each employee undertakes additional training, and/or (iii) implement marketing or other promotional activities.

7.20.4 If Franchisee fails to meet the Minimum Performance Criteria for reasons within Franchisee's control and Franchisee fails to comply with its obligations in Section 7.20.3 above, Franchisor may terminate this Agreement or require Franchisee to attend Additional and/or Remedial Training.

8 TRAINING

8.1 **Initial Training Program**. Franchisor will provide Franchisee (or one of Franchisee's principal owners if Franchisee is a business entity) and up to one (1) additional representative (for a total of two (2) people) that Franchisee designates with Franchisor's then-current initial training program (the "Initial Training Program") for a fee of $2,000 (the "Initial Training Fee"), subject to the availability and schedule of Franchisor's training personnel.

Franchisee must attend and successfully complete the Initial Training Program to Franchisor's satisfaction at Franchisor's corporate headquarters (the "Home Office"), or other location that Franchisor designates, prior to commencing operations of the Franchised Business. The Initial Training Program lasts approximately eleven (11) days, and Franchisee will be solely responsible for costs and expenses Franchisee and its representative(s) incur in connection with attending the Initial Training Program, including travel, lodging, meals or any wages incurred for Franchisee's employees. In the event Franchisor permits Franchisee to engage a Manager (as defined in this Agreement), such Manager must attend and complete the Initial Training Program to Franchisor's satisfaction prior to commencing any managerial duties of the Franchised Business. Franchisor reserves the right to change the contents of the Initial Training Program and the manner in which it is offered (e.g., making certain components virtual as opposed to in-person) at any time at Franchisor's sole discretion.

8.1.1 *Timing for Completion.* Franchisee and its designated trainees must participate in and complete the Initial Training Program to Franchisor's satisfaction at least three days prior to opening the Franchised Business (or three days prior to the date that Franchisee is obligated to open the Franchised Business under this Agreement). In the event Franchisee does not complete the Initial Training Program to Franchisor's satisfaction within this period, then Franchisor may terminate this Agreement or Franchisor may provide Franchisee with additional time in exchange for a general release.

8.1.2 *Additional Employees.* In the event Franchisee wishes for more than one (1) additional person to participate in the Initial Training Program (other than Franchisee or Franchisee's partner or principal shareholder), Franchisor may provide the Initial Training Program to such additional persons, subject to the availability of Franchisor's personnel. If such additional attendees attend at the same time as the initial group of attendees, Franchisor will provide the Initial Training Program at a cost of $500 per person. All training related expenses for Franchisee's additional personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

8.1.3 *Replacement Personnel*. In the event Franchisee or Franchisee's employee(s) fails to complete the Initial Training Program to Franchisor's satisfaction, the respective person or persons may repeat the course, or, in the case of an employee, Franchisee may send a replacement (the "Replacement Personnel") to the next available training session. Franchisor may charge its Initial Training Fee for such Replacement Personnel to attend the Initial Training Program. Failure by Franchisee, an employee or any Replacement Personnel to complete the initial training program to Franchisor's satisfaction within the time period prescribed in this Agreement shall constitute default of this Agreement and Franchisor may terminate the Agreement.

8.1.4 *Employee Training*. Franchisee must ensure that any and all employees of the Franchised Business that do not attend the Initial Training Program are properly trained to perform their respective duties in connection with the Franchised Business prior to such employee(s) undertaking these duties.

8.1.5 *Training Materials.* Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Only Franchisor's provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials may be available to Franchisee in the Operations Manual or by other means at Franchisor's sole discretion. All training materials provided to Franchisee by Franchisor shall at all times remain

Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

8.2 **Additional and Remedial Training.** Franchisor may conduct, and require Franchisee, Franchisee's Manager (if applicable) and other employees to attend additional and/or refresher training courses that Franchisor develops for the benefit of the System, as Franchisor deems advisable in its sole discretion. Franchisor may charge Franchisee its Training Fee for Franchisee and any other persons that attend such additional or refresher training, and Franchisee will be solely responsible for any and all expenses associated with such training (including travel, lodging, meals, and employee wages incurred). Additional and/or refresher training may take place at Franchisor's Home Office or any other location that Franchisor designates. Franchisor will provide Franchisee with thirty (30) days' notice of any upcoming additional or refresher training that Franchisee is required to attend.

8.3 **Reasonable Training and Assistance Requests**. Upon Franchisee's written request, Franchisor may provide Franchisee with additional training and/or assistance, as Franchisor deems necessary in its sole discretion, subject to the availability and schedules of Franchisor's personnel. Franchisor may charge Franchisee its then-current tuition fee for any training or assistance that Franchisor provides at Franchisee's request, and Franchisee is solely responsible for any expenses and costs incurred: (i) by Franchisee and its representatives in connection with attending such additional training; and (ii) by Franchisor in connection with providing such training or assistance, whether at the Home Office or on-site at Franchisee's Retail Location or within the Territory. Additional assistance may be provided by Franchisor over the phone, via email or Franchisor's Operations Manual.

9 INSURANCE

9.1 **General**. Franchisee must maintain, at Franchisee's expense, in full force and effect throughout the term of this Agreement, the types of insurance and the minimum policy limits specified in the Operations Manual. In determining and modifying such requirements, Franchisor agrees to use reasonable business judgment and only require such insurance and minimum policy limits that are reasonable. The insurance policy or policies must be in effect at the earlier of (i) 90 days after the Effective Date of this Agreement, or (ii) prior to attending the Initial Training Program. The insurance policy or policies must protect both Franchisee and Franchisor against any loss, liability, personal injury, death, property damage or expense whatsoever arising out of or occurring upon or in connection with the condition, operation, use, or occupancy of the Franchised Business. Franchisee shall add Franchisor as an additional insured under each policy. Franchisor reserves the right to amend, modify, and/or supplement additional types of coverage and/or increase the required minimum amount of coverage upon providing Franchisee reasonable notice through the Operations Manual or otherwise in writing by Franchisor. Franchisee's obligation to obtain coverage is not limited in any way by insurance that Franchisor maintains. Franchisee shall provide Franchisor with certificates of insurance evidencing the required coverage and any other documentation in connection therewith.

9.2 **Insurance Rating, Approval, and Certification.** All insurance carriers must be approved by Franchisor in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Report. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the lease of the Retail Location or by any of Franchisee's lenders or equipment lessors, and such workers' compensation insurance as may be required by applicable law. Franchisee must deliver a certificate of insurance to Franchisor at least twenty (20) days prior to opening the Franchised Business and ten (10) days prior to any renewal of the required policies, as evidence that all insurance requirements have been met. All insurance policies held by Franchisee will be primary to any policy or policies held by Franchisor or its affiliates.

9.3 **Designees.** All liability policies will list Franchisor as an additional insured. Any parties Franchisor designates and will be primary and non-contributory to any insurance Franchisor might carry. Franchisor reserves the right to modify required insurance coverage during the term of this Agreement based on changes in risk factors for which Franchisee will comply with upon written notice from Franchisor.

9.4 **Claims Cancellation.** Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours of Franchisee's receipt of said claims or cancellations. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance which demonstrates compliance with this Section 9.

9.5 **Failure to Maintain Insurance.** If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and any costs incurred in connection with Franchisor obtaining the insurance.

9.6 **Modification of Requirements.** Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days' prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

10 FINANCIAL RECORDS AND REPORTS

10.1 **Reporting.** Franchisee must maintain, for at least seven (7) fiscal years (or any longer period required by law) from their preparation, full, complete accurate records of all sales, marketing activities, contracts, estimates, authorizations, receipts, payroll and accounts payable and any other documents and records used in connection with the Franchised Business, in accordance with the standard accounting system described by the Franchisor in the Operations Manual or otherwise specified in writing. Franchisee must also provide Franchisor with complete financial records for the operation of the Franchised Business as described in this Section in accordance with generally accepted accounting principles.

10.1.1 Franchisee will, at its expense, submit to the Franchisor within sixty (60) days of the end of each calendar year of the Franchised Business during the term of this Agreement, a complete financial statement for the said calendar year, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with such other information in such form as the Franchisor may require.

10.1.2 Each financial statement shall be signed by Franchisee or by an individual authorized by the Franchisee, attesting that the statement is true and correct and prepared in accordance with the Franchisor's requirements.

10.1.3 Franchisee must also provide Franchisor with constant access to the information generated by any software Franchisor requires Franchisee to use in connection with its bookkeeping and other accounting obligations under this Agreement, and Franchisor's software provider(s). Franchisee must ensure that the software that Franchisee uses to maintain its books and records fully integrates with any third-party services required by Franchisor.

10.1.4 Franchisee shall provide Franchisor any other data, information and supporting records that Franchisor designates from time to time, including all reports set forth in the Operations Manual.

10.2 **Tax Returns.** In addition to the information and materials set forth in Section 10.1, Franchisee agrees to maintain, and furnish to Franchisor within thirty (30) days of filing: (i) complete copies of all federal, state and local tax returns, including those detailing income, sales, value added, use and service taxes, as well as employee withholding, workers' compensation, and similar reports filed by Franchisee reflecting financial activities of the Franchised Business; and (ii) Franchisee's (or Franchisee's principals') personal federal, state and local tax returns.

10.3 **Right to Disclose Information.** Franchisor has the right to disclose data derived from the reports Franchisee furnishes.

11 BOOKS AND RECORDS

11.1 **Records and Audits**. Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of the Franchised Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and otherwise operating in compliance with the terms of this Agreement and the Operations Manual. Moreover, Franchisee must also provide Franchisor (and/or is designee) with at least administrative access to the information generated by any software Franchisor requires Franchisee to use in connection with its bookkeeping and other accounting obligations under this Agreement. If any audit reveals that Franchisee has understated Franchisee's financial information, including but not limited to Royalty or Brand Fund Contribution payments, by two percent (2%) or more, or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12) month period, Franchisee must pay the actual cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for Royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

11.2 **Corporate or Limited Liability Company Franchisee Records**. If Franchisee becomes a corporation, limited liability company or other business entity either prior to executing this Agreement, or at any time during the term of this Agreement, the following requirements, when applicable, shall apply:

11.2.1 Copies of Franchisee's Articles of Incorporation or Charter, minutes of the annual meeting, by-laws and other governing documents, and any amendments thereto, copies of initial shareholder certificates and Shareholder Agreements, if any, and the Resolutions of the Board of Directors authorizing entry into this Agreement as required by the Franchisor and as set forth in the Operations Manual shall be promptly furnished to Franchisor.

11.2.2 Franchisee shall maintain a current list of all owners or members of record and all beneficial owners of any class of stock of Franchisee and shall furnish such list to Franchisor annually.

11.2.3 All members with or shareholders of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of a Personal Guaranty in a form approved by the Franchisor (see Exhibit "A" to this Agreement). All members and/or shareholders shall also be individually subject to the non-disclosure and confidentiality provisions as set forth in this Agreement, as well as any and all in-term and post-term restrictive covenants. However, the requirements of this subsection shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly Held Corporation").

11.2.4 All issued and outstanding stock certificates of such corporation shall bear the following legend:

EXAMPLE: "Transfers of these shares is subject to certain restrictions contained in a Franchise Agreement between _________and Poolwerx Franchise Management LLC, dated ____ _______."

12 ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to further the goodwill and public image of the System, the parties agree as follows:

12.1 **Generally**. With regard to advertising generally for the Franchised Business, Franchisee will only use or display the advertising materials Franchisor approves in writing. If Franchisee wishes to use any advertising or promotional materials other than those currently approved for use by System franchisees, then Franchisee must submit Franchisee's proposed materials to Franchisor for approval at least thirty (30) days prior to its intended use. Franchisor will use commercially reasonable efforts to notify Franchisee of Franchisor's approval or disapproval of the proposed materials within fifteen (15) days of the date such materials are received. If Franchisee does not receive Franchisor's written approval within fifteen (15) days, proposed materials shall be deemed disapproved. All advertising must prominently display the Proprietary Marks and will comply with any standards for use of the Proprietary Marks that Franchisor establishes, as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 **Internet Website**. Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein. Franchisor may unilaterally modify the provisions of this Section from time to time in its sole discretion.

12.2.1 Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by franchised businesses. In the event Franchisor exercises its right to create such a website, Franchisor shall have sole discretion and control over the website (including timing, design, content and continuation).

12.2.2 Franchisor may, but is not obligated to, create interior pages on its website(s) that contain information about Franchisee's Franchised Business and other franchised businesses. If Franchisor does create such pages, Franchisor may require Franchisee to prepare all or a portion of the page for Franchisee's Franchised Business, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.2.3 Except as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, X, TikTok, LinkedIn, YouTube, Pinterest, Instagram, Snapchat, or any other social media and/or networking site. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such site or page in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s).

12.2.4 Franchisor may use a portion of the Brand Fund Contribution to pay or reimburse itself for the costs incurred in connection with the developing, maintaining, and updating of its website.

12.2.5 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name www.poolwerx.com, as well as any other Internet domain names registered by Franchisor and/or Franchisor's affiliates, and unconditionally disclaims any ownership interest in such Internet domain names and any Internet domain names similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.3 **Brand Fund**. Franchisee must contribute three percent (3%) of monthly Gross Revenue to the Brand Fund each month. Franchisee must pay the Brand Fund Contribution directly to the Brand Fund via EFT on a monthly basis on the 15th day of each month based on the Gross Revenue generated during the preceding calendar month. Franchisor reserves the right to modify the frequency, manner, or method of payment upon providing reasonable notice to Franchisee.

12.3.1 Franchisor will use the Brand Fund, at Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local marketing/advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the services offered by System franchisees. Franchisor has the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs, provided, however, that Franchisor will make a good faith effort to expend the Brand Fund in the general best interests of the System on a national or regional basis. Franchisor may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: the cost of preparing and producing internet, television, radio, magazine and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; purchasing or licensing software, the cost of soliciting National Accounts; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that Franchisor internally administers or prepares; and the costs of building partnerships with national or regional brands. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. The Brand Fund will not be used for the direct solicitation of franchise sales, but Franchisor reserves the right to include a notation in any advertisement indicating "Franchises Available." Franchisor also reserves the right to use the Brand Fund for public relations or recognition of the brand.

12.3.2 Franchisor may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey consistently fall below System established minimum standards for such Surveys.

12.3.3 Franchisor has the right to reimburse itself from the Brand Fund for such reasonable costs and overhead, if any, as Franchisor may incur in connection with activities reasonably related to the direction and implementation of the Brand Fund.

12.3.4 At Franchisor's sole discretion, units owned and operated by Franchisor, or its affiliates may, but are not obligated to, contribute to the Brand Fund. Franchisee acknowledges that the use of the Brand Fund or other advertising funds or accounts and the expenditures made thereby, may benefit Franchisor and its units, even though the units operated by Franchisor, or its affiliates may or may not contribute to the Brand Fund or other advertising funds or accounts.

12.3.5 Franchisor will prepare on an annual basis and will have available for Franchisee within one hundred twenty (120) days of the end of the fiscal year, a statement of contributions and expenditures for the Brand Fund. The statement will be presented to Franchisee upon Franchisee's written request. The Brand Fund is not required to be independently audited.

12.3.6 Franchisor has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved, or merged.

12.3.7 Franchisor assumes no obligation or liability to Franchisee with respect to the maintenance, direction or administration of the Brand Fund or any other advertising funds or accounts maintained in connection with this Agreement, except as expressly set forth in this Section. Franchisor also has the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

12.3.8 Franchisee acknowledges that the Brand Fund is not a trust, or an asset of Franchisor and that Franchisor is not a fiduciary to Franchisee with respect to, or a trustee of, the Brand Fund or the monies therein.

12.3.9 Franchisor may suspend or terminate the Brand Fund at any time, and any surplus funds may only be used for marketing and advertising purposes until fully expended.

12.4 **Local Cooperative**. Franchisor may, in Franchisor's discretion, designate any geographical area for purposes of establishing a local cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative is established applicable to the Franchised Business, Franchisee must participate in the Cooperative. Cooperative contributions will be credited towards the Local Area Marketing Requirement discussed in Section 12.5 below. The following provisions will apply to each Cooperative:

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

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

12.4.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.4.4 Each Cooperative may require its members to make annual contributions in amounts determined by the Cooperative, currently set at $1,650 per Territory per year. This amount may be increased beyond $1,650 per Territory per year upon a majority vote of the Cooperative's members. Contributions are currently collected on a quarterly basis, though the collection interval may also be changed by majority vote.;

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

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

12.4.7 Franchisor will have the power to require any Cooperative to be formed, changed, dissolved, or merged at any time.

12.5 **Launch Marketing; Local Area Marketing Requirement; Advisory Council**.

12.5.1 *Launch Marketing*. In connection with the opening of the (i) Mobile Unit, Franchisee is obligated to invest a minimum of $10,000 on grand opening advertising and promotions beginning two weeks prior to launching the Mobile Unit, and (ii) Retail Location, Franchisee is obligated to invest a minimum of $15,000, and up to $20,000, beginning two weeks prior to launching the Retail Location (collectively, "Launch Marketing"). Launch Marketing activities may continue through the first twelve months of operation of the Mobile Unit and Retail Location. Launch Marketing is intended to build local brand awareness and grow the client base within the Territory. Franchisor and Franchisee will develop a launch marketing plan (the "Launch Marketing Plan"), which must align with Franchisor's brand standards and marketing strategy. All Launch Marketing funds must be used in accordance with the Launch Marketing Plan, which must be approved by Franchisor.

12.5.2 *Local Area Marketing Requirement.* In addition to the Brand Fund Contributions described above, each month, Franchisee is required to spend one percent (1%) of monthly Gross Revenue on local area marketing (the "Local Area Marketing Requirement"). The Local Area Marketing Requirement will increase to a minimum of two percent (2%) of monthly Gross Revenue when Franchisee launches the Retail Location. Franchisee must spend the Local Area Marketing Requirement as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements in promoting the Franchised Business. The Local Area Marketing Requirement must be spent within Franchisee's Territory. Franchisee acknowledges and agrees that Franchisee's Local Area Marketing Requirement must be expended regardless of the amount(s) spent by other System franchisees on local marketing. Franchisee may spend any additional sums on local marketing. Franchisee must use only advertising and promotional materials as have been previously approved by Franchisor. Franchisee will submit to Franchisor proof of Franchisee's expenditures in order to meet the Local Area Marketing Requirement within five (5) business days of a request by Franchisor.

12.6 **Advisory Council**. Franchisor has established an advisory council ("Advisory Council"). Elected franchisees must participate actively in the Advisory Council as Franchisor designates and participate in all Advisory Council meetings approved by Franchisor. Franchisor reserves the right to prepare and amend the governing documents for the Advisory Council from time to time, at its sole discretion. Franchisor, at its sole discretion, will determine the topic areas to be considered by the Advisory Council. The purposes of the Advisory Council shall include, but are not limited to, exchanging ideas and problem-solving methods, advising Franchisor on expenditures for System-wide advertising, and coordinating franchisee efforts. The Advisory Council shall act in an advisory capacity only. Franchisor will have the right to form, change, or dissolve any Advisory Council at any time in its sole discretion.

13 INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 **Independent Contractor Status**. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of the Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer, or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice, in the place Franchisor designates, that Franchisee operates the Franchised Business as an independently owned and operated business, and that Franchisee independently owns and operates the Franchised Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors. It is understood and agreed by the parties hereto that this Agreement does not establish any fiduciary relationship between them.

13.2 **Indemnification**. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of the Franchised Business, including the use, condition, or construction, equipping, maintenance or operation of the Franchised Business and Franchisee's advertising; (ii) the unauthorized use of the Proprietary Marks and other Proprietary Material; (iii) the transfer of any interest in this Agreement or the Franchised Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals; (vi) latent or other defects in the Franchised Business whether or not discoverable by Franchisor or Franchisee; (vii) any allegation that any such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of any Indemnitees; (viii) acts, errors or emissions committed or incurred in connection with Franchisee's ownership or operation of the Franchised Business; (ix) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (x) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchise and any Indemnitee; or (xi) any actions or omissions of employees or independent contractors of the Franchised Business or allegations that any Indemnitee is the joint employer of Franchisee's employees or other personnel. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnities and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14 SALE OR TRANSFER

14.1 **Transfer**. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the Franchised Business without Franchisor's prior written consent. Any sale, transfer, assignment, or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

14.2 **Death or Disability**.

14.2.1 *Representative's Right to Continue as Franchisee*. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of

Franchisee's partners or personal guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as franchisee under this Agreement if: (i) within one hundred eighty (180) days from the date of death, disability or incapacity (the "180 Day Period"), such person (a) meets Franchisor then-current standards to become a franchisee, as described in Section 14.3.2.5, and (b) has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor. However, in the case of a transfer by demise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions contained in this Agreement, the personal representative of the deceased Franchisee will have a reasonable time, in Franchisor's sole discretion, which shall not exceed one hundred eighty (180) days from the date or transfer by demise or inheritance, to dispose of the deceased's interest in the Franchised Business and such disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of in the manner and time frame provided in the immediately preceding sentence, then Franchisor may terminate this Agreement.

14.2.2 *Franchised Business Operation During and After 180 Day Period.* Franchisor is under no obligation to operate the Franchised Business or incur any obligation on behalf of any incapacitated franchisee, during or after the 180 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 180 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

14.3 **Ownership Changes**. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 14.3.1.

14.3.1 *Right of First Refusal.* If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth herein), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth herein. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner, shareholder, or member, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

14.3.2 *Conditions for Approval*. Franchisee shall notify Franchisor in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Franchised Business, at least thirty (30) days before such transfer is proposed to take place. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 Franchisee or transferee shall provide Franchisor a copy of the purchase agreement prior to closing on the proposed transfer as well as an executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of an agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

14.3.2.6 That, at Franchisor's option, the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) either: (i) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; or (ii) execute Franchisor's then-current franchise agreement, and will receive a full then-current initial term for a franchisee, which term will commence on the date the transferee executes the then-current Franchise Agreement;

14.3.2.7 Franchisee shall pay Franchisor a transfer fee depending on the type of transfer. If Franchisee is (i) transferring shares between existing owners that have already been approved by Franchisor, or (ii) adding a new member or shareholder that does not change the majority ownership in the franchisee entity, or (iii) is transferring the Franchise Agreement from the individuals owners to their entity, the transfer fee is $1,500. The transfer fee in connection with a transfer to a current franchisee is $7,500. The transfer fee in connection with a transfer to a new franchisee is $10,000. Franchisee is responsible for all third-party fees in connection with any transfer;

14.3.2.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's expense within the time frame Franchisor sets forth;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 Franchisee must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership;

14.3.2.14 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;

14.3.2.15 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document;

14.3.2.16 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.17 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Franchised Business as Franchisee has supplied Franchisor hereunder; and

14.3.2.18 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.4 **Transfer to a Corporation or Limited Liability Company**. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer (if the transfer fee set forth above is paid), and such assignment will not be subject to Franchisor's right of first refusal in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized, and its activities are confined to operating the Franchised Business;

14.4.2 Franchisee is, and at all times remains, the owner of at least fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder;

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, must execute Franchisor's prescribed form of personal guaranty; and

14.4.5 At Franchisor's request, Franchisee will furnish true and correct copies of all documents and contracts governing the rights, obligations, and powers of Franchisee's owners and agents (such as articles of incorporation or organization and partnership, operating or shareholder agreements and similar documents).

14.5 **Franchisor's Right to Transfer**. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement at Franchisor's sole discretion.

15 BREACH AND TERMINATION

15.1 **Automatic Termination**. This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 *Voluntary Bankruptcy.* If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

15.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within 60 days.

15.2 **With Notice and Without Opportunity to Cure**. Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 *Criminal Acts.* If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or other offense related to the operation of the Franchised Business or that Franchisor believes, in its sole discretion, is likely to have an adverse effect on the Proprietary Marks or the goodwill associated therewith.

15.2.2 *Fraud.* If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of the Franchised Business, including but not limited to, any misrepresentation made in Franchisee's franchise application.

15.2.3 *Other Actions.* If Franchisee or Franchisee's principals, including any shareholder, member, guarantors or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within twenty-four (24) hours of Franchisee's receipt of written notice of a breach under this Section.

15.2.4 *Misrepresentation.* If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.5 *Failure to Complete Training.* If Franchisee (and/or Franchisee's Manager, if applicable) fails to complete the Initial Training Program as provided in Section 8.

15.2.6 *Repeated Breaches.* If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any 12-month period, regardless of whether the defaults set forth in the notices were subsequently cured.

15.2.7 *Breach of Other Agreements.* If Franchisee, Franchisee's affiliates, or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates or threaten any material breach of any such agreement.

15.2.8 *Misuse of the Proprietary Marks or Confidential Information*. If Franchisee or Franchisee's principals violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

15.2.9 *Discloses Confidential Information or Trade Secrets*. If Franchisee or Franchisee's principals disclose or divulge the contents of the Operations Manual, or any other Confidential Information or Trade Secret provided to Franchisee by the Franchisor or any of its affiliates to any third party;

15.2.10 *Violation of Law.* If Franchisee violates any law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the general public.

15.2.11 *Violation of In-term Restrictive Covenant.* If Franchisee violates the in-term restrictive covenant contained in Section 17.1, or any of the other restrictive covenants set forth in this Agreement.

15.2.12 *Liens.* If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

15.2.13 *Insolvency.* If Franchisee or any of Franchisee's principals become insolvent.

15.2.14 *Abandonment.* If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the franchisee business in accordance with the terms of this Agreement for seven (7) days or more without Franchisor's prior written consent.

15.2.15 *Unauthorized Transfer*. If Franchisee purports to sell, transfer or otherwise dispose of any interest in the Franchised Business in violation of Section 14 hereof;

15.2.16 *Unauthorized Products or Services.* If Franchisee offers any unauthorized and unapproved products or services at or from the Franchised Business.

15.2.17 *Unapproved Purchases.* If Franchisee orders or purchases supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier or which Franchisor has not approved.

15.2.18 *Proprietary Software.* If Franchisee misuses or makes unauthorized use of any Proprietary Software Franchisor may develop or designate for use in connection with the System.

15.2.19 *Insurance.* If Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it or otherwise fails to adhere to the requirements of Section 9.

15.2.20 *Government Regulations.* If Franchisee fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Franchised Business.

15.2.21 *Government Actions.* If any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.22 *Anti-Terrorist Activities.* If Franchisee fails to comply with the provisions of Section 22.8.

15.2.23 *Personal Use of Franchised Business Property*. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits.

15.2.24 *Insufficient Funds.* If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor two (2) or more times within any twelve (12) month period, Franchisor terminate this Agreement.

15.2.25 *Failure to Open.* If Franchisee fails to commence operations of the Franchised Business within the time periods prescribed in Section 7.3 of this Agreement.

15.2.26 *Operating Outside of Territory*. If Franchisee operates the Franchised Business outside of the Territory without Franchisor's prior written consent, as provided in Section 1.2 of this Agreement.

15.2.27 *Violation of Best Efforts.* If Franchisee or Franchisee's principals violate any of the provisions in Section 7.10 of this Agreement.

15.2.28 *Failure to Attend Convention*. If Franchisee fails to attend the Convention without Franchisor's prior written consent, Franchisor may terminate this Agreement.

15.3. **Upon 15 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after Franchisor provides Franchisee with notice of such default(s) and fifteen (15) days to cure:

15.3.1 *Nonpayment.* If Franchisee fails to pay Franchisor as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's Approved Suppliers or Required Suppliers.

15.3.2 *Endorsement of Checks.* If Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

15.3.3 *Failure to Maintain Sufficient Marketing Materials and Supplies*. If Franchisee fails to maintain sufficient levels marketing materials and other supplies necessary to adequately develop the Territory and meet consumer demand.

15.3.4 *Interruption of Service.* If Franchisee fails to maintain the prescribed months, days, or hours of operation at the Franchised Business.

15.3.5 *Failure to Personally Supervise Franchised Business Operations or Employ Adequate Personnel.* If Franchisee or the Manager fails, in Franchisor's sole discretion, to personally supervise day-to-day operation of the Franchised Business or fails to employ a sufficient number of qualified, competent personnel, as Franchisor requires from time to time.

15.3.6 *Quality Control.* If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.7 *Licenses and Permits.* If Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of the Franchised Business.

15.4 **Upon 30 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any other term or condition of this Agreement, or any ancillary agreement between Franchisee and Franchisor or Franchisor's affiliates, and Franchisee fails to cure such default(s) within thirty (30) days after being provided with notice thereof.

15.5 **Step In Rights**. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of the Franchised Business including, without limitations, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Business. Franchisor reserves the right to charge Franchisee $500 per employee per day during the period of time that Franchisor provides temporary management of the Franchised Business.

15.6 **Nonwaiver**. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

16 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations**. Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Immediately cease all operations under this Agreement;

16.1.2 Immediately pay Franchisor all unpaid fees, and pay Franchisor, Franchisor's affiliates, Franchisor's major suppliers and vendors, all other monies owed;

16.1.3 Discontinue immediately the use of the Proprietary Marks;

16.1.4 Immediately cease using the Technology System and the Operations Manual, and return all Proprietary Materials and Confidential Information, including, without limitation, all customer lists and data, within ten (10) calendar days and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone and facsimile numbers and listings, as well as any permitted domain names and/or Social Media Pages used in connection with the operation of the Franchised Business (collectively, the "Assigned Property"), and direct the telephone company and/or domain name registrar to transfer all such Assigned Property to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers and Domain Name attached hereto as Exhibit B, and transfer all usernames and passwords for all Social Media Pages to Franchisor;

16.1.6 Immediately vacate the Franchised Business premises, and if Franchisor exercised Franchisor's rights pursuant to Franchisor's prescribed form of Collateral Assignment of Lease, arrange for transfer of the lease to Franchisor within fifteen (15) calendar days of termination or expiration of this Agreement;

16.1.7 Immediately surrender all stationery, printed matter, signs, advertising materials, supplies and other items containing the Proprietary Marks as Franchisor directs and all items which are a part of the trade dress of the System-immediately, no later than ten (10) calendar days after the termination or expiration of this Agreement;

16.1.8 Immediately cease holding itself out as Franchisor's Franchisee;

16.1.9 Immediately cease to communicate with all customers of the Franchised Business;

16.1.10 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration, which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) calendar days after the termination, expiration or transfer of this Agreement;

16.1.11 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;

16.1.12 Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement;

16.1.13 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System; and

16.1.14 Immediately remove Franchisor’s Proprietary Marks from vehicles used in connection with the Franchised Business, and otherwise de-identify the vehicles from being associated with Franchisor or the System;

16.1.15 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16;

16.1.16 Transfer to Franchisor or its designee all ongoing contracts and projects; and

16.1.17 Reimburse Franchisor in connection with any costs Franchisor incurs in connection with enforcing Franchisee’s obligations under this Section 16.

16.2 **Option to Purchase Franchised Business Assets.** Upon the termination or expiration of this Agreement, Franchisor, or Franchisor’s designee shall have the option, but not the obligation, to purchase any assets used in connection with operation of the Franchised Business by providing Franchisee written notice of Franchisor’s election within sixty (60) calendar days after such termination or expiration and paying Franchisee the book value for such assets within sixty (60) calendar days of such notice. For purposes of this paragraph, “book value” means the amount Franchisee actually paid for the assets less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor’s right to purchase any assets that are subject to a lease or finance agreement, the purchase price of such assets shall equal the amount of Franchisee’s remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor’s option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor’s purchase of Franchisee’s property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3 **Exclusions.** Franchisor may exclude from the assets purchased under Section 16.2 cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business’s operation or that Franchisor has not approved as meeting standards for the Franchised Business.

16.4 **Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee’s assets, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

17 COVENANTS

Franchisee acknowledges that as a participant in Franchisor's System, Franchisee will receive proprietary and Confidential Information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and Franchisor's other franchisees, Franchisee agrees as follows:

17.1 **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, Franchisee's owners, officers, directors, principals, nor any member of the immediate family of Franchisee or Franchisee's owners, officers, directors, principals will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17. 1.1 Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, pool maintenance services, pool cleaning, installation and/or remodel services, or retail pool supplies, or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") within the Territory or the territory of any other System franchisee, provided that this Section 17.1.1 does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services;

17.1.2 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware of as a result of access to Franchisor's System or other franchisees for any competitive purpose; or

17.1.3 Make or publish, to any person or entity, including but not limited to customers, suppliers, competitors, media outlets, or online platforms, any statement, comment, review, or other communication that disparages, defames, or reflect negatively upon Franchisor, its affiliates, the System, the Proprietary Marks, or any of Franchisor's current or former officers, directors, or employees. This prohibition applies to all forms of communication, whether oral, written, or electronic, including posts or content on social media, review sites, blogs, or other public forums.

17.2 **After the Term of This Agreement.** For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's owners, officers, directors, principals nor any member of the immediate family of Franchisee or Franchisee's owners, principals, officers, directors will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.1 Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the Territory, (b) within a twenty-five (25) mile radius of the territory of any other franchised business, or (c) within a twenty-five (25) mile radius of any System business operated by Franchisor or its affiliate, provided that this Section 17.2.1 does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar to a Competitive Business; or

17.2.2 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

17.2.3 Make or publish, to any person or entity, including but not limited to customers, suppliers, competitors, media outlets, or online platforms, any statement, comment, review, or other communication that disparages, defames, or reflect negatively upon Franchisor, its affiliates, the System, the Proprietary Marks, or any of Franchisor's current or former officers, directors, or employees. This prohibition applies to all forms of communication, whether oral, written, or electronic, including posts or content on social media, review sites, blogs, or other public forums.

17.3 **Intent and Enforcement**. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 17 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the people who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitations of this Section 17 shall be tolled during any default under this Section.

17.4 **Employees.** Franchisee shall ensure that Franchisee's principals, managers, employees, and anyone else who will have access to Franchisor's Confidential Information, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit C to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

17.5 **No Defense**. Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 17.

18 DISPUTE RESOLUTION

18.1 **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to its conflict of laws principals.

18.2 **Internal Dispute Resolution.** The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Accordingly, Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's Global Chief Executive Officer or Chief Operating Officer, after providing notice as set forth in Section 18.6 of this Agreement and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

18.3 **Mediation**. At Franchisor's option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 18.2 above, must be submitted first to mediation, in Dallas County, Texas under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have sixty (60) days to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

18.3.1 The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

18.3.1.1 Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

18.3.1.2 Any claims pertaining to or arising out of any warranty issue;

18.3.1.3 Any of the restrictive covenants contained in this Agreement.

18.3.1.4 Any of Franchisee's payment obligations that are more than forty-five (45) days past due; or

18.3.1.5 Any claims arising out of or related to fraud or misrepresentation by Franchisee, or Franchisee's insolvency.

18.4 **Arbitration.** With the exception of the Excepted Claims, and if not resolved by the negotiation and mediation procedures set forth above, any dispute, controversy or claim between Franchisee and/or a Franchisee related party, on the one hand, and Franchisor and/or any Franchisor related party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Territory, (e) the scope or validity of the arbitration obligation (which Franchisee and Franchisor acknowledge is to be determined by an arbitrator and not a court), (f) any System standard; (g) any claim based in tort or any theory of negligence; and/or (h) any lease or sublease for the Franchised Business, shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. The following provisions shall govern the arbitration process:

18.4.1 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving any other franchisee or any other third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place at our headquarters, which is currently in Farmers Branch, Texas, or, if the Franchisor's then-current headquarters is no longer located in Farmers Branch, Texas, then in the city/county and state where Franchisor's current corporate headquarters is located. The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof.

18.4.2 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates; provided, however, Franchisor shall not be required to, but may at its sole discretion, submit Excepted Claims to arbitration. Any such claim (other than and Excepted Claim) which is not submitted or filed in such proceeding will be forever barred. In any arbitration, each party in the arbitration will be bound by the provisions of any limitation on the period of time in which claims must be brought under this Agreement or applicable law, whichever first expires.

18.4.3 The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (4) make any award which constitutes a manifest disregard of the law or fact, or extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether the arbitration provision is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

18.4.3 To promote efficient resolution of disputes, the arbitrator shall permit and have the authority to hear and decide dispositive motions, including but not limited to motions to dismiss, motions for judgment on the pleadings, and motions for summary judgment on the same standards applicable under Rule 12(b)(6) and Rule 56 of the Federal Rules of Civil Procedure. The arbitrator may decide the dispositive motions without the need for a full evidentiary hearing. The arbitrator may establish reasonable procedures and briefing schedules for such motions and may permit limited discovery necessary to resolve them. The arbitrator shall issue a reasoned written decision on any dispositive motion.

18.4.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. The arbitrator shall enforce any release, acknowledgment, disclaimer and/or integration clause contained in this Agreement or related documents. The arbitrator shall enforce provisions stating that the Franchisee has not relied upon financial performance representations not contained in the Franchise Disclosure Document.

18.4.5 The arbitrator shall have subpoena powers limited only by the laws of the Farmers Branch, Texas (or, if Franchisor's headquarters is no longer located in the state of Texas, then the laws of the state in which Franchisor's then-current headquarters is located shall apply). To ensure efficient resolution of disputes, discovery shall be limited as follows unless the arbitrator finds good cause to expand discovery: (i) document requested limited to relevant, non-privileged materials; (ii) not more than five (5) depositions per party; (iii) depositions limited to seven (7) hours each; and (iv) interrogatories limited to twenty (20). Electronic discovery shall be limited to reasonably accessible sources and shall not require restoration of backup systems, deleted data, or other unduly burdensome sources absent good cause. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Texas (or, if Franchisor's headquarters is no longer located in the state of Texas, then a court of competent jurisdiction in the state in which Franchisor's then-current headquarters is located).

18.4.6 Notwithstanding any language to the contrary herein, the parties hereby agree: (1) that the arbitrator's award may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules ("Appellate Rules") except that an appeal shall be limited to the grounds that the arbitrator's award violates the grounds set forth in subsection (c) above; and (2) that the award rendered by the arbitrator shall, at a minimum, be a reasoned award; and (3) that the award shall not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty (30) days of receipt of an award, as defined by Rule A-3 of the Appellate Rules, by filing a Notice of Appeal with any AAA office. Within 14 days of the appointment of the appellate tribunal, the appeal tribunal shall conduct an initial review of the Notice of Appeal to determine whether it states a prima facie basis for reversal under this section. If the appeal tribunal determines that the appeal is frivolous or fails to state a prima facie case, it shall dismiss the appeal with prejudice by written order and, if the appeal is dismissed because it is deemed to be frivolous, award the appellee its reasonable attorneys' fees and costs incurred in the appeal proceedings. The appellate tribunal shall hold a preliminary conference to initially screen the merits of the appeal. Following the appeal process the decision rendered by the appeal tribunal may be entered in any court having jurisdiction thereof.

18.4.7 Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

18.4.8 The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

18.4.9 Franchisor reserves the right, but does not have the obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished Franchisor's right to seek recovery of those costs against Franchisee.

18.4.10 Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the dispute resolution provisions of this Agreement, each having the authority to enforce the requirement to mediate and arbitrate claims asserted against such person by Franchisee or any Franchisee Related Party.

18.4.11 **"**Excluded Claims" means any controversy, dispute, or claim by Franchisor against Franchisee or any Franchisee related party that Franchisor elects not to submit to mediation or arbitration (in Franchisor's sole and absolute discretion) for: (a) violation of any provision relating to use of the Marks and/or any Confidential Information; (b) violation of Franchisor's and/or its affiliate's federally or state protected intellectual property rights in the Marks, the System, and/or in any Confidential Information; (c) violation of any of the restrictive covenants in this Agreement, including the confidentiality and/or non-competition covenants; and/or (d) any claims for indemnification and/or to collect past due amounts owed to Franchisor and/or a Franchisor related party.

18.5 **Selection of Venue**. Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the exclusive jurisdiction and venue of any court of general jurisdiction in Dallas County, Texas and the jurisdiction and venue of the United States District Court for the Northern District of Texas. Franchisee acknowledges that this Agreement has been entered into in the State of Texas, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Farmers Branch, Texas including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Texas as set forth in this Section. Franchisee agrees that in the event of litigation, Franchisee will not content or challenge the exclusive jurisdiction or exclusive venue of these courts. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

18.6 **Third Party Beneficiaries**. Franchisor's officers, directors, shareholders, members, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 18, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee. Franchisee expressly acknowledges that Franchisee is not a third-party beneficiary of any other agreement with any other System franchisee.

18.7 **Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

18.8 **No Right to Offset**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.9 **Injunctive Relief**. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.10 **Limitation of Action**. Franchisee agrees that no cause of action may be maintained by Franchisee against Franchisor unless brought before the expiration of two (2) years and one day after the cause of action accrued, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Notwithstanding the foregoing, in the event that applicable law provides for a longer period of time than the deadline set forth in the previous sentence, the deadline shall be extended to reflect the minimum amount of time required by applicable law. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.10.1 Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.10.2 NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, ALL ACTIONS SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS, AND FRANCHISOR OR ITS AFFILIATES, OFFICERS, OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY OR OTHER THIRD PARTY.

18.11 **Waiver of Punitive Damages**. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section shall be construed to prevent Franchisor from claiming and obtaining punitive or consequential damages, including lost future royalties for the balance of the term of this Agreement.

18.12 THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

19 REPRESENTATIONS

19.1 **Execution of Agreement.** EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP OR CORPORATION, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP OR CORPORATION WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP OR ALL OF THE SHAREHOLDERS OF THE CORPORATION, AS APPLICABLE.

20 GUARANTEE OF PRINCIPALS AND THEIR SPOUSES

Franchisee's spouse and all partners in a limited partnership, shareholders in a corporate franchisee, or members of a limited liability company, as well as all general partners and managing members, and their spouses hereby personally and unconditionally guarantee without notice, demand or presentment, the payment of all of Franchisee's monetary obligations under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guaranty in the form attached hereto as Exhibit A.

21 NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt (including, but not limited to, USPS, UPS, or FedEx), to the following addresses (which may be changed by written notice):

Franchisee Name/Address: ______________________________
____
____
____

Franchisor
Attn: Chief Operating Officer (USA)
Poolwerx Franchise Management LLC
4801 Spring Valley Road, Suite 103
Farmers Branch, Texas 75244

With a copy to:
Attn: Lane Fisher, Esq.
Fisher Zucker, LLC
21 S. 21st Street
Philadelphia, PA 19103

Mailing any notice hereunder sent by U.S. certified mail, postage prepaid or when sent via Federal Express, UPS, or a similar overnight courier shall be presumptive evidence of delivery of the notice or request.

22 MISCELLANEOUS

22.1 **Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to Franchisee.

22.2 **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee’s “immediate family” means Franchisee’s spouse, parents, children and siblings and Franchisee’s spouse's parents, children and siblings. Reference to Franchisee’s “principals” means Franchisee’s partners, officers, directors, shareholders, members and managers, as applicable. References to “Franchisor” and “Franchisee” include the party‘s successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

22.3 **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor’s other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

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

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

22.6 **Force Majeure.** Neither Franchisee, Franchisor, or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 **Anti-Terrorist Activities.** Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.1 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

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

23 ACKNOWLEDGMENT

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

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR

POOLWERX FRANCHISE MANAGEMENT LLC

By: ________________________________

Name: ______________________________

Title: _______________________________

Date: _______________________________

FRANCHISEE

____
(Individual, Partnership or Corporation Name)

By: ________________________________

Name: ______________________________

Title: _______________________________

Date: _______________________________

By: ________________________________

Name: ______________________________

Title: _______________________________

Date: _______________________________

EXHIBIT A
to
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to Poolwerx Franchise Management LLC ("Franchisor") that you are all of the shareholders of the franchisee, or all of the general partners of the franchisee, or all of the members and managers, or the spouse of any such shareholder, general partner, or member or manager of ________________________ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to Franchisee as provided in the foregoing franchise agreement (the "Franchise Agreement"), each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term non-competition and non-solicitation covenants set forth in Section 17 of the Franchise Agreement, as well as all other covenants set forth in the Franchise Agreement, including but not limited to those concerning confidentiality (Section 5 of the Franchise Agreement) and indemnification (Section 13 of the Franchise Agreement). You agree that this personal guaranty (the "Guaranty") will be governed by the dispute resolution procedures set forth in Section 18 of the Franchise Agreement.

ARTICLE II
CONFIDENTIALITY

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, Franchisor's Operations Manual and its contents; price lists and standards and specifications for the Approved Products and Approved Services; standards and specifications related to Franchisor's integrated bookkeeping system, and other methods, techniques, and know-how concerning the operation of a Franchised Business of which you may be appraised by virtue of your role as a Guarantor of Franchisee.

ARTICLE III
NON-COMPETITION

1) **During the Term of the Franchise Agreement.** During the term of the Franchise Agreement, neither your, nor your owners, principals, officers, directors, nor any members of your family or the family of your owners, officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity:

   a) Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers pool maintenance services, pool cleaning, installation and/or remodel services, or retail pool supplies, or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") within the Territory or the Territory of any other System franchisee, provided that this Article III(1) does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services;

   b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

   c) Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

2) **After the Term of the Franchise Agreement.** For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, nor your owners, principals, officers, directors, nor any members of your family or the family of your owners, officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity:

   a) Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business (i) within the Territory, (ii) within a twenty-five (25) mile radius of the territory of any other Franchised Business, or (iii) within a twenty-five (25) mile radius of any System business operated by Franchisor or its affiliate, provided that this Article III(2) does not apply to: (A) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (B) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar to a Competitive Business;

b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

c) Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

3) **Intent and Enforcement**. It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

ARTICLE IV
DISPUTE RESOLUTION

1) **Acknowledgment**. You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.

2) **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Texas, without any reference to Texas conflict of laws principles.

3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to Franchisor's management. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.

4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements, must be submitted first to mediation, in Dallas County, Texas, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been

terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and the parties shall share the cost of mediator. This agreement to mediate at Franchisor's option shall survive the termination or expiration of the Franchise Agreement.

The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

i. Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

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

iii. Any of the restrictive covenants contained in this agreement;

iv. Any of Franchisee's payment obligations that are more than forty-five (45) days past due; or

v. Any claims arising out of or related to fraud or misrepresentation by Franchisee, or Franchisee's insolvency.

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

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

7) **Jurisdiction and Venue.** Nothing contained in this Guaranty shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Dallas County, Texas and the jurisdiction and venue of the United States District Court for the Northern District of Texas. The parties acknowledge and agree that this Agreement has been entered into in the State of Texas, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Farmers Branch, Texas, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Texas as set forth herein.

8) **Arbitration.** The parties agree and acknowledge that the arbitration provisions of the Franchise Agreement (Section 18.4) shall also apply to this Agreement.

9) **Jury Trial Waiver. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.**

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

11) **Limitation on Action.** You agree that no cause of action may be maintained by you against Franchisor unless brought before the expiration of two (2) years and one day after the cause of action accrued, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Notwithstanding the foregoing, in the event that applicable law provides for a longer period of time than the deadline set forth in the previous sentence, the deadline shall be extended to reflect the minimum amount of time required by applicable law. You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, ALL ACTIONS SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS, AND FRANCHISOR OR ITS AFFILIATES, OFFICERS, OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY OR OTHER THIRD PARTY.

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

an amount awarded as part of the judgment in the proceeding.

13) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty and the Franchise Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor' election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

14) **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning that renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed for or against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

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

16) **Successors**. References to "Franchisor" or "the undersigned, or "you" include the respective parties' successors, assigns or transferees.

17) **No Personal Liability**. You agree that fulfillment of any and all of Franchisor's obligations written in this Guaranty or in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee or you for any reason.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK.
SIGNATURES APPEAR ON FOLLOWING PAGE

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

PERSONAL GUARANTORS

By: ______________________________

Print Name: ________________________

Address: __________________________

____

Telephone: ________________________

EIN: _____________________________

Trust Name: ________________________
(if applicable)

By: ______________________________

Print Name: ________________________

Address: __________________________

____

Telephone: ________________________

EIN: _____________________________

Trust Name: ________________________
(if applicable)

SPOUSES

By: ______________________________

Print Name: ________________________

Address: __________________________

____

Telephone: ________________________

By: ______________________________

Print Name: ________________________

Address: __________________________

____

Telephone: ________________________

EXHIBIT B
to
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS, FACSIMILE NUMBERS AND DOMAIN NAMES

1. ____________________, doing business as a Poolwerx franchisee, ("Assignor"), in exchange for valuable consideration provided by Poolwerx Franchise Management LLC ("Assignee"), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Franchised Business at Assignor's above-referenced address (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): ____
Facsimile Number(s): ____
Domain Name(s) (as permitted by Franchisor under the Franchise Agreement):
____

2. The conditional agreement will become effective automatically upon termination or expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as Assignee, in effectuating this Assignment.

ASSIGNOR: **[ENTER ASSIGNOR'S NAME]**

By: _________________________________ Date: ____________

Name: _______________________________

Title: ________________________________

ASSIGNEE: **POOLWERX FRANCHISE MANAGEMENT LLC**

By: _________________________________ Date: ____________

Name: _______________________________

Title: ________________________________

EXHIBIT C
to
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, members and managers of Franchisee)

In consideration of my being a _______________________ of ______________________ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee, has acquired the right and franchise from Poolwerx Franchise Management LLC (the "Company") to establish and operate a franchised business (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Franchised Businesses (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: ____ (the "Franchised Business Premises").

1. The Company possesses certain proprietary and confidential information and trade secrets relating to the operation of the System and the Franchised Business, including the Company's Manuals; price lists and standards and specifications for the Approved Products and Approved Services; standards and specifications related to the Company's integrated bookkeeping system, and other methods, techniques and know-how concerning the of operation of the Franchised Business which may be communicated to Franchisee or of which I may be appraised by virtue of my employment with Franchisee ("Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. In my position with the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Company's Operations Manual (the "Operations Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties with the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which operates or licenses any other competing businesses, except for a Franchised Business operating under the System and Proprietary Marks.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee, or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

By: ___________________________________

Name: _________________________________

Title: _________________________________

Date: _________________________________

ACKNOWLEDGED BY FRANCHISEE

By:___________________________________

Name: ________________________________

EXHIBIT D
to
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: ____

ABA# : ____

Acct. No.: ____

Acct. Name: ____

Effective as of the date of the signature below, ____________________ ("Franchisee") hereby authorizes Poolwerx Franchise Management LLC ("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, and to make the following payments to Company under the Franchise Agreement for the Franchised Business located at: ____: (1) all Royalty fees; (2) all Brand Fund Contributions, or other recurring fees; and (iii) and other fees due and owing under the Franchise Agreement. Franchisee acknowledges that Royalty and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement. Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. Franchisee shall provide Company, in conjunction with this authorization, with a voided check from the above-referenced account.

AGREED:

FRANCHISOR	**FRANCHISEE**
POOLWERX FRANCHISE MANAGEMENT LLC	______________________________
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

EXHIBIT E
to
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

Poolwerx Franchise Management LLC, a Delaware limited liability company with a principal business address at 4801 Spring Valley Road, Suite 103, Farmers Branch, Texas 75244 ("Franchisor") and _____________________ ("Franchisee"), have on __________________, entered into the foregoing Franchise Agreement for the operation of a franchised business using Franchisor's Proprietary Marks and System (the "Franchised Business") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within 36 months of the Effective Date of the Franchise Agreement, Franchisee must obtain a site, at Franchisee's expense, for the Franchised Business, which Franchisor will approve as hereinafter provided. The site must be within the following site selection territory: ____ ____.

2. Franchisee's failure to obtain a site for the Franchised Business within the time required in Paragraph 1 will constitute a default under the Franchise Agreement and this Site Selection Addendum.

3. Prior to Franchisee's acquisition by lease or purchase of a site for the Franchised Business, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor's approval. Franchisor will have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, at Franchisor's sole discretion, the site as a location for the Franchised Business. No proposed site will be deemed approved unless Franchisor has expressly approved it in writing.

4. Franchisor will furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor's evaluation of Franchisee's request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor will conduct up to one (1) on-site evaluation at Franchisor's cost. For each additional on-site evaluation (if any), Franchisee will reimburse Franchisor for Franchisor's reasonable expenses including, without limitation, the costs of travel, lodging, and meals.

5. If Franchisee will be occupying the Franchised Business premises under a lease, Franchisee shall, upon Franchisor's request, prior to the execution of the lease, submit the lease to Franchisor for Franchisor's approval. Franchisor's approval of the lease may be conditioned upon Franchisee's execution of a Consent and Agreement of Landlord in the form Franchisor prescribes, as well as the inclusion or exclusion of certain required provisions. Franchisee must furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

6. After Franchisor has approved a site for the Franchised Business in writing and Franchisee has acquired the site, the site will constitute the Retail Location referred to in Section 1.3 of the Franchise Agreement.

7. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Franchised Business at the site is based on Franchisee's own independent investigation of the suitability of the site.

8. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

FRANCHISEE

____
(Individual, Partnership or Corporation Name)

By: _____________________________________

Name: __________________________________

Title: ___________________________________

FRANCHISOR

POOLWERX FRANCHISE MANAGEMENT LLC

By: _____________________________________

Name: __________________________________

Title: ___________________________________

EXHIBIT F

CONSENT AND AGREEMENT OF LANDLORD

CONSENT AND AGREEMENT OF LANDLORD

The undersigned Landlord hereby:

A. Agrees that the leased premises will only be used in connection with the operation of the franchisee's POOLWERX franchised business;

B. Agrees that Poolwerx Franchise Management LLC ("Franchisor") has the right to enter the leased premises to (a) make any modifications necessary to protect Franchisor's trademarks and trade dress, or (b) otherwise exercise or enforce Franchisor's rights under the franchise agreement with the franchisee. Franchisor. Franchisor shall indemnify Landlord from and against any and all damages arising out of or resulting from Franchisor's exercise of its rights hereunder;

C. Agrees to allow the franchisee, upon written request from Franchisor, to provide Franchisor with a current copy of the lease;

D. Agrees to notify Franchisor in writing of and/or upon the failure of the franchisee to cure any default by franchisee under the lease, and also provide Franchisor with the right to cure said default under the lease within twenty (20) days of being notified (but Franchisor is under no obligation to do so);

Franchisor's address for notices is:

Chief Operating Officer (USA)
Poolwerx Franchise Management LLC
4801 Spring Valley Road, Suite 103
Farmers Branch, Texas 75244

E. Agrees that Franchisor will have the option, but not the obligation, to assume or renew the lease and the occupancy of the business premises, including the right to sublease to another franchisee, for all or any part of the remaining term of the lease, upon the franchisee's default or termination under the lease or upon the franchisee's default or termination or expiration of the franchise agreement. Landlord shall give Franchisor twenty (20) business days, upon termination of the franchisee's rights under the lease, to exercise this option; and

F. Agrees that the lease may not be materially amended, assigned, or sublet without Franchisor's prior written approval.

LANDLORD:

____

By: ___________________________

Name: _________________________

Title: __________________________

Date: __________________________

Exhibit C
to
Poolwerx Franchise Management LLC
Franchise Disclosure Document

Form of General Release

FORM OF GENERAL RELEASE

_________________________________, a ______________ _________________ with its principal place of business at __________________________ ("Franchisee"); and ______________________ an individual residing at ___________________________ ("Guarantor"), for themselves and all persons and entities claiming by, through, or under them, release, acquit and forever discharge Poolwerx Franchise Management LLC ("Franchisor") and its present and former officers, employees, members, managers, directors, agents, servants, representatives (including, without limitation, sales brokers), parents, affiliates, subsidiaries, successors, and assigns (the "Franchisor Releasees") from all claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, accrued or unaccrued, which Franchisee and Guarantor, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, has, had or claims to have against the Franchisor Releasees, including without limitation, those arising out of or related to: (i) the Franchise Agreement and the offer/sale of the franchise rights granted thereunder; (ii) the parties' rights or obligations under the Franchise Agreement, as well as any other agreement between Franchisee and any Franchisor Releasee; or (iii) any other franchise-related statute, law or regulation that is applicable to the parties' relationship. Franchisee and Guarantor represent and warrant that they have not assigned any of the claims released by this Agreement. Franchisee and Guarantor further represent and warrant that they will not initiate or assist or cooperate with any third party in connection with, an action or other proceeding against any Franchisor Releasee in connection with the claims released in this Section.

Franchisee and Guarantor agree and acknowledge that they have been advised by counsel and are familiar with and expressly waive the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Exhibit D
to
Poolwerx Franchise Management LLC
Franchise Disclosure Document

<u>State Specific Addenda</u>

**ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

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

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

1. Item 3 is amended to reflect that:

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

2. Item 5 is amended to reflect that:

   The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a requirement for the franchisor to maintain a surety bond in the amount of $120,000 during the registration period, which is available for you to recover your damages in the event the franchisor does not fulfill its obligations to you to open your franchised business.

3. Item 6 is amended to reflect that the maximum interest rate allowed in California is 10%.

4. Item 17 is amended by the addition of the following statements:

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

   The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

   The California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Corporations, before we solicit a proposed material modification of an existing franchise.

   The Franchise Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

   The Franchise Agreement requires the application of laws and forum of Texas. This provision may be unenforceable under California law.

   Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

5. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

6. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

7. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such a Business Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC, a Delaware limited liability company ("Franchisor") and _______________ ("Franchisee") dated ________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et. seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et. seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

    b. The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a requirement for the franchisor to maintain a surety bond in the amount of $120,000 during the registration period, which is available for you to recover your damages in the event the franchisor does not fulfill its obligations to you to open your franchised business.

    c. The Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

    d. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

    e. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

    f. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

    g. Under California law, the maximum interest rate that may be charged is 10%.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the California Business and Professions Code, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

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

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

FRANCHISOR:	**FRANCHISEE:**
POOLWERX FRANCHISE MANAGEMENT LLC	______________________________
By: ________________________	By: __________________________
Name: ____________________	Name: ________________________
Title: _____________________	Title: _________________________
Date: _____________________	Date: _________________________

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreements.

The following information applies to franchisors and franchisees subject to the Illinois Disclosure Act of 1987. Item numbers correspond to those in the main body:

a. Item 17 - Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

b. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise disclosure Act or any other law of Illinois is void.

c. Item 17 - Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise disclosure act.

d. Item 5 and Cover Page - The following statement is added to the Cover Page and Item 5:

The Illinois Attorney General's Office has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Illinois Attorney General's Office has imposed a requirement for the franchisor to maintain a surety bond in the amount of $120,000 during the registration period, which is available for you to recover your damages in the event the franchisor does not fulfill its obligations to you to open your franchised business.

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

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC, a Delaware limited liability company ("Franchisor") and _______________ ("Franchisee") dated ________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

ILLINOIS LAW MODIFICATIONS

1. Illinois law governs the Franchise Agreements.

2. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 515 ILCS 705/1 et. seq. To the extent that this Agreement contains provisions that are inconsistent with the following, such provision are hereby amended:

    a. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

    b. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise disclosure Act or any other law of Illinois is void.

    c. The Illinois Attorney General's Office has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Illinois Attorney General's Office has imposed a requirement for the franchisor to maintain a surety bond in the amount of $120,000 during the registration period, which is available for you to recover your damages in the event the franchisor does not fulfill its obligations to you to open your franchised business.

    d. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise disclosure act.

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

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

FRANCHISOR:	**FRANCHISEE:**
POOLWERX FRANCHISE MANAGEMENT LLC	______________________________
By: ________________________	By: __________________________
Name: ______________________	Name: ________________________
Title: ______________________	Title: ________________________
Date: ______________________	Date: ________________________

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

This Addendum to the Franchise Disclosure Document modifies and supersedes the Disclosure Document with respect to franchises offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a franchise in the State of Maryland as follows:

1. Item 5 of this disclosure document is amended by adding the following:

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 5, Additional Disclosures. The following statement is added to Item 5:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.

3. Item 17, under the Summary column of parts (c) and (m), is amended to include the following paragraph:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Item 17, under the Summary column of part (h), is amended to include the following sentence:

A provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. Item 17, under the Summary column of part (v), is modified to include the words "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

6. Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

7. Item 17 is amended by the addition of the following:

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

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

**ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC, a Delaware limited liability company ("Franchisor") and _______________ ("Franchisee") dated ________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

MARYLAND LAW MODIFICATION

The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. § 14-201 et seq. (2015 Repl. Vol.). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

2. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

4. The general release required as a conditions of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. All representation requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.

Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

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

The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

FRANCHISOR:	**FRANCHISEE:**
POOLWERX FRANCHISE MANAGEMENT LLC	______________________________
By: ________________________	By: __________________________
Name: ______________________	Name: ________________________
Title: ______________________	Title: ________________________
Date: ______________________	Date: ________________________

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

The following is added to Item 5 and Item 7:

The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement.

The following Note 17 is added to Item 7:

17. *Real Property.* Based on information received from one franchisee in the State of Minnesota that opened its location in August of 2023, monthly rent will range from $2,440 on the low end to $7,215 on the high end for a Retail Location ranging in size from 1,000 to 2,000 square feet. The cost of commercial space varies considerably depending on the location of your Site, conditions affecting the local market for commercial property, prevailing rents in your market area as well as factors such as whether your Retail Location will be located within an existing retail business (e.g., shopping mall). You will make direct payments to your landlord for anything due under your Lease. Your landlord may require you to sign a personal guarantee.

Item 13 of the Franchise Disclosure Document is amended to state that we will protect your right to use the trademarks, service marks, trade names, logotypes of other commercial symbols ("Marks") or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

The following is added to Item 17 of the Franchise Disclosure Document:

Under Minnesota law and except in certain specified cases, POOLWERX FRANCHISE MANAGEMENT LLC must give you 90 days' notice of termination with 60 days to cure. POOLWERX FRANCHISE MANAGEMENT LLC also must give you at least 180 days' notice of its intention not to renew a franchise, and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement is inconsistent with the Minnesota law, the Minnesota law will control.

To the extent that any condition, stipulation or provision contained in the Franchise Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the nonwaiver provision of the Minnesota Franchises Law.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J. prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Minn. Rule 2860.4400J. prohibits us from requiring you to consent to liquidated damages and prohibits waiver of a jury trial. If the Franchise Agreement contains a provision that is inconsistent with the Minn. Rule, the provisions of the Franchise Agreement will be superseded by the Minn. Rule's requirements and will have no force or effect.

Minn. Rule 2860.4400J. prohibits us from requiring you to assent to a general release. To the extent that the Franchise Agreement requires you to sign a general release as a condition of renewal or transfer, the Franchise Agreement will be considered amended to the extent necessary to comply with Minnesota law.

Minn. Rule 2860.4400J. prohibits us from requiring you to pay a termination fee. To the extent that the Franchise Agreement requires you to pay a termination fee, the provisions of the Franchise Agreement will be superseded by the Minn. Rule's requirements and will have no force or effect.

NSF checks and related interest and attorneys' fees are governed by Minnesota Statute § 604.113, which puts a cap of $30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees.

Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

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

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC, a Delaware limited liability company ("Franchisor") and _______________ ("Franchisee") dated ________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

MINNESOTA LAW MODIFICATION

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act. Minn. Stat. Section 80C.01 et. seq., and the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement and/or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

    a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's proprietary marks infringes trademark rights of the third party.

    b. Minn. Stat. Sec. 80C.14. Subds. 3, 4, and 5 requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

    c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

    d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

    e. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat. 80C.1, Subd. 5, may not be enforceable under Minnesota law.

2. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Ch. 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. NSF checks and related interest and attorneys' fees are governed by Minnesota Statute § 604.113,

which puts a cap of $30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees.

4. The Agreement and/or Franchise Disclosure Document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse Franchisee from liability for actual or other damages and the formula for Liquidated Damages in the Agreement and/or Franchise Disclosure Document shall be admissible as evidence of actual damages.

5. To the extent required by Minnesota Law, the Agreement and/or Franchise Disclosure Document is amended to delete all references to a waiver of jury trial.

6. All sections of the Agreement and/or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain such relief.

7. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Minnesota Law applicable to the provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

8. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

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

10. The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement.

[SIGNATURE PAGE FOLLOWS]

The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

FRANCHISOR:	**FRANCHISEE:**
POOLWERX FRANCHISE MANAGEMENT LLC	____________________________
By: ______________________	By: ________________________
Name: ____________________	Name: ______________________
Title: _____________________	Title: ______________________
Date: _____________________	Date: ______________________

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10- year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

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

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

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

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

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC, a Delaware limited liability company ("Franchisor") and _______________ ("Franchisee") dated ________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

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

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

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

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

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

6. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

[SIGNATURE PAGE FOLLOWS]

FRANCHISOR:	**FRANCHISEE:**
POOLWERX FRANCHISE MANAGEMENT LLC	______________________________
By: ________________________	By: __________________________
Name: _____________________	Name: ________________________
Title: ______________________	Title: _________________________
Date: ______________________	Date: _________________________

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

B. Situs of Arbitration Proceedings: Arbitration or mediation involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree at a location that is not remote from the franchisee's place of business.

C. Restriction on Forum: Requiring franchisees to consent to the jurisdiction of courts outside of North Dakota has been held by the Commissioner to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference to the "jurisdiction of courts of Texas" is hereby deleted and replaced with "jurisdiction of courts in North Dakota."

D. Deferral of Initial Fees: The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement.

E. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

F. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota. All references to "Texas" as the governing law are hereby deleted and replaced with "North Dakota."

G. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

H. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

I. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise. All references to the requirement of a general release under such circumstances are hereby deleted.

J. Termination or Liquidated Damages: The Commissioner has determined termination or liquidated damages to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. All references to the requirement that termination or liquidated damages are hereby deleted.

K. Enforcement Costs: Any stipulation that the franchisee pay all costs and expenses incurred by the franchisor in enforcing the franchise agreement. Any such provisions are hereby changed to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

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

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC, a Delaware limited liability company ("Franchisor") and _______________ ("Franchisee") dated ________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

<u>NORTH DAKOTA LAW MODIFICATION</u>

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 to 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

    a. Franchise Fee. Initial franchise fees are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the North Dakota Securities Department based on our financial condition.

    b. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

    c. Requiring a general release as a condition of renewal or transfer of a franchise is unenforceable according to North Dakota Law. All references in the Franchise Agreement requiring a general release under such circumstances are hereby deleted.

    d. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. Covenants not to compete such as those mentioned above are generally considered unenforceable in the state of North Dakota.

    e. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

    f. Requiring franchisees to consent to the jurisdiction of courts outside of North Dakota has been held by the Commissioner to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference to the "jurisdiction of courts of Texas" is hereby deleted and replaced with "jurisdiction of courts in North Dakota."

    g. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota

Franchise Investment Law. Arbitration or mediation involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree at a location that is not remote from the franchisee's place of business.

h. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

i. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

j. Any provision that provides that Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota law.

k. Any provision that requires Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota law may not be enforceable under North Dakota law.

l. Any provisions that specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota are unenforceable. All references to "Texas" as the governing law are hereby deleted and replaced with "North Dakota."

m. Any provisions requiring that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement are hereby deleted and replaced with a provision granting the prevailing party in any enforcement action to be entitled to recover all costs and expenses, including attorneys' fees.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of North Dakota Franchise Investment Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

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

[SIGNATURE PAGE FOLLOWS]

The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

FRANCHISOR:	**FRANCHISEE:**
POOLWERX FRANCHISE MANAGEMENT LLC	____________________________
By: ______________________	By: ________________________
Name: ____________________	Name: ______________________
Title: _____________________	Title: ______________________
Date: _____________________	Date: ______________________

**ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND**

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC, a Delaware limited liability company ("Franchisor") and _______________ ("Franchisee") dated ________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

RHODE ISLAND LAW MODIFICATION

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law Tit. 19 Ch. 28.1 Sections 19-28.1-1 to 19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-21.1-14.

   b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

   c. If Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Rhode Island Franchise Investment Act, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

[SIGNATURES ON FOLLOWING PAGE]

The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

FRANCHISOR:	**FRANCHISEE:**
POOLWERX FRANCHISE MANAGEMENT LLC	____________________________
By: ______________________	By: ________________________
Name: ____________________	Name: ______________________
Title: _____________________	Title: _______________________
Date: _____________________	Date: _______________________

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF SOUTH DAKOTA

The following information applies to franchise and franchisees subject to South Dakota statues and regulations. Item numbers correspond to those in the main body.

Item 5.

Payment of all initial franchise fees due the franchisor is deferred until such time as the Store has opened for business.

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF SOUTH DAKOTA

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC, a Delaware limited liability company ("Franchisor") and _______________ ("Franchisee") dated ________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because the franchise was "offered or sold" (as defined in the South Dakota Franchise Investment Act ("Act")) in South Dakota.

2. Notwithstanding anything to the contrary in this Agreement, in the State of South Dakota, we will defer the payment of the Initial Franchise Fee for the Franchised Business until the Franchised Business opens for business. Upon the opening of the Franchised Business, you will pay us the Initial Franchise Fee.

3. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Act are met independently of this Addendum.

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Franchise Agreement.

5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR:	**FRANCHISEE:**
POOLWERX FRANCHISE MANAGEMENT LLC	____________________________
By: ______________________	By: ________________________
Name: ____________________	Name: ______________________
Title: _____________________	Title: _______________________
Date: _____________________	Date: _______________________

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for POOLWERX FRANCHISE MANAGEMENT LLC is supplemented by the following:

"Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement."

"Any securities offered or sold by the Investor Franchisee as part of the POOLWERX FRANCHISE MANAGEMENT LLC Franchise must either be registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act."

"The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement."

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

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless The franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

15. **Non solicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller,

or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Item 5 and the Franchise Agreement is further amended as follows:

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

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _________ day of __________________, 20______.

FRANCHISOR:	**FRANCHISEE:**
POOLWERX FRANCHISE MANAGEMENT LLC	____________________________
By: ______________________	By: ________________________
Name: ____________________	Name: ______________________
Title: _____________________	Title: ______________________
Date: _____________________	Date: ______________________

ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC, a Delaware limited liability company ("Franchisor") and _______________ ("Franchisee") dated ________ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

WISCONSIN LAW MODIFICATION

1. In lieu of anything that may be contained in the body of the Franchise Agreement to the contrary, the Agreement is hereby amended to add the following provision:

   For all franchises sold in the State of Wisconsin, the Company will provide Franchisee at least 90 days' prior written notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and will provide that Franchisee have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. These notice requirements shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the franchise, Franchisee will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between the Company and Franchisee inconsistent with the Law.

3. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Wisconsin law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

FRANCHISOR:	**FRANCHISEE:**
POOLWERX FRANCHISE MANAGEMENT LLC	____________________________
By: ______________________	By: ________________________
Name: ____________________	Name: ______________________
Title: _____________________	Title: ______________________
Date: _____________________	Date: ______________________

Exhibit E
to
POOLWERX FRANCHISE MANAGEMENT LLC
Franchise Disclosure Document

Financial Statements

Poolwerx Franchise Management, LLC

Consolidated Financial Statements
Years Ended December 31, 2025 and 2024

Poolwerx Franchise Management, LLC

Consolidated Financial Statements
Years Ended December 31, 2025 and 2024

Poolwerx Franchise Management, LLC

Contents

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600 North Pearl, Suite 1700
Dallas, TX 75201

Independent Auditor's Report

The Member
Poolwerx Franchise Management, LLC
Farmers Branch, Texas

Opinion

We have audited the consolidated financial statements of Poolwerx Franchise Management, LLC (the Company), which comprise the consolidated balance sheets as of December 31, 2025, and 2024, and the related consolidated statements of operations, member's deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, P.C.

April 30, 2026

Consolidated Financial Statements

Poolwerx Franchise Management, LLC

Consolidated Balance Sheets

December 31,		**2025**		2024
Assets				
Current Assets				
Cash and cash equivalents	**$**	**510,421**	$	196,916
Accounts receivable, net		**346,004**		342,869
Unbilled revenue		**139,280**		105,233
Inventory		**9,875**		9,875
Prepaid expenses and other assets		**513,409**		251,927
Total Current Assets		**1,518,989**		906,820
Property and Equipment, Net		**9,436**		17,347
Total Assets	**$**	**1,528,425**	$	924,167
Liabilities and Member's Deficit				
Current Liabilities				
Accounts payable and accrued expenses	**$**	**377,453**	$	570,827
Franchise excellence program liability		**26,821**		78,516
Deferred revenue		**651,084**		270,381
Related party payables		**5,635,167**		3,396,396
Total Current Liabilities		**6,690,525**		4,316,120
Long-Term Liabilities				
Deferred revenue		**1,632,557**		1,491,752
Total Liabilities		**8,323,082**		5,807,872
Commitments and Contingencies (Note 8)				
Member's Deficit		**(6,794,657)**		(4,883,705)
Total Liabilities and Member's Deficit	**$**	**1,528,425**	$	924,167

See accompanying notes to consolidated financial statements.

Poolwerx Franchise Management, LLC

Consolidated Statements of Operations

Year ended December 31,	**2025**	2024
Revenues		
Franchise fees	**$ 304,995**	$ 261,612
Royalty fees	**2,172,412**	2,020,107
Marketing fees	**750,674**	687,802
Franchise excellence program fees	**51,696**	65,009
Rebate income	**730,532**	583,870
Partners in profit fees	**210,604**	213,199
Franchise support fees	**34,897**	71,630
Other revenues	**326,102**	288,890
Total Revenues	**4,581,912**	4,192,119
Operating Expenses		
Depreciation	**13,069**	12,568
Management fees	**2,562,079**	1,790,478
Selling, general, and administrative	**3,932,661**	4,555,792
Total Operating Expenses	**6,507,809**	6,358,838
Loss from Operations	**(1,925,897)**	(2,166,719)
Income Tax Expense (Benefit)	**(14,945)**	15,000
Net Loss	**$ (1,910,952)**	$ (2,181,719)

See accompanying notes to consolidated financial statements.

Poolwerx Franchise Management, LLC

Consolidated Statements of Member's Deficit

Balance, December 31, 2023	$	(2,701,986)
Net loss		(2,181,719)
Balance, December 31, 2024		(4,883,705)
Net loss		(1,910,952)
Balance, December 31, 2025	$	(6,794,657)

See accompanying notes to consolidated financial statements.

Poolwerx Franchise Management, LLC

Consolidated Statements of Cash Flows

Year ended December 31,	**2025**	2024
Cash Flows from Operating Activities		
Net loss	**$ (1,910,952)**	$ (2,181,719)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	**13,069**	12,568
Provision (recovery) for credit losses	**(236)**	(43,759)
Changes in operating assets and liabilities:		
Accounts receivable	**(2,900)**	13,380
Unbilled revenue	**(34,047)**	(2,694)
Inventory	**-**	131,841
Prepaid expenses and other assets	**(261,482)**	(91,120)
Accounts payable and accrued expenses	**(193,374)**	270,746
Franchise excellence program liability	**(51,695)**	(65,009)
Deferred revenue	**521,508**	887,992
Related party payables	**2,238,771**	1,147,393
Net Cash Provided by Operating Activities	**318,662**	79,619
Cash Flows from Investing Activity		
Purchase of property and equipment	**(5,157)**	(4,361)
Net Increase in Cash and Cash Equivalents	**313,505**	75,258
Cash and Cash Equivalents, beginning of year	**196,916**	121,658
Cash and Cash Equivalents, end of year	**$ 510,421**	$ 196,916

See accompanying notes to consolidated financial statements.

1. Organization and Operations

Description of Business

Poolwerx Franchise Management, LLC (the Company), a wholly owned subsidiary of Poolwerx USA LLC (the Parent), was incorporated in Delaware and commenced operations on May 2, 2015. The company sells franchises expected to provide pool maintenance and repair services and retail pool supplies.

The Company is an affiliate of Poolwerx Development, LLC, and Poolwerx Operations, LLC. Each affiliate company performs different activities in the United States and is a subsidiary of the Parent, a subsidiary of the ultimate parent company, Poolwerx Holdings LLC (Group Holdings). The Group Holdings has the ability and is committed to supporting the Company's operating, investing, and financing activities as necessary.

Poolwerx Holdings Pty Ltd (Poolwerx Holdings) owns the trademarks and other intellectual property relating to the Poolwerx franchise system and has granted the Company a license to use and sublicense the use of the trademarks and other intellectual property to the Company's franchisees under the terms of a Trademark License Agreement dated March 2, 2015. This agreement is perpetual and may be terminated unilaterally by either party only upon a material breach. Poolwerx Holdings is a subsidiary of Group Holdings.

During the years ended December 31, 2025 and 2024, 23 and 23 franchised territories were opened, and 1 and 16 were closed, respectively. As of December 31, 2025, there were 108 franchised territories, and as of December 31, 2024, there were 88.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States (U.S. GAAP). Under this method, revenue is recognized when earned, and expenses are recognized as incurred.

Change in Accounting Policy

During the year, the Company changed its accounting policy for initial training fees charged to franchisees. Previously, initial training fees were included within a broader bundle of pre-opening services and recognized as revenue over the term of the related franchise agreement. In the current year, management elected to apply the practical expedient applicable to private franchisors under Accounting Standards Update (ASU) 2021-02, *Franchisors—Revenue from Contracts with Customer (Subtopic 952-606): Practical Expedient,* and concluded that initial training services represent a distinct performance obligation separate from the franchise license. Accordingly, revenue related to initial training fees is now recognized when, or as, the training services are provided. Management believes this revised accounting policy provides more reliable and relevant information to users of the financial statements. The change in accounting policy has been applied retrospectively.

The effect of the change on the Company's balance sheets, statements of operations and statements of cashflows as of December 31, 2024 are as follows:

Balance Sheet

Year ended December 31, 2024

		As Previously Reported		Adjustment		As Revised
Deferred revenue - noncurrent	$	1,554,254	$	(62,502)	$	1,491,752
Total liabilities		5,870,374		(62,502)		5,807,872
Member's deficit		(4,946,207)		62,502		(4,883,705)
Total Liabilities and Member's Deficit	$	924,167	$	-	$	924,167

Statements of Operations

Year ended December 31, 2024

		As Previously Reported		Adjustment		As Revised
Other revenues	$	275,803	$	13,087	$	288,890
Net loss		(2,194,806)		13,087		(2,181,719)

Statements of Cash Flows

Year ended December 31, 2024

		As Previously Reported		Adjustment		As Revised
Net loss	$	(2,194,806)	$	13,087	$	(2,181,719)
Changes in operating liabilities – deferred revenue		901,079		(13,087)		887,992
Net cash provided by operating activities		79,619		-		79,619

Use of Estimates

Preparing financial statements that conform to U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The fair value hierarchy has three levels based on reliable observable data inputs and requires the use of observable market data when available.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1 - The valuation methodology uses quoted market prices for identical assets and liabilities as inputs in active markets.

Level 2 – Inputs to the valuation methodology are observable market-based or unobservable inputs corroborated by market data.

Level 3 – Inputs to the valuation methodology are unobservable inputs not corroborated by market data.

Fair value is the price received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, and accounts payable, and their carrying values are considered to be representative of their respective fair values due to the short-term nature of these instruments.

Non-recurring fair value measures include assessing property and equipment for impairment. As there is no corroborating market activity to support the assumptions underlying these estimates, the Company has designated these estimates as Level 3.

Cash and Cash Equivalents

For reporting cash flows, all highly liquid investments with an original maturity of three months or less are considered cash equivalents. The Company has not experienced any loss to date on these cash concentrations.

Accounts Receivable

The balance in accounts receivable consists primarily of receivables from franchisees and contractually determined receivables from major suppliers, less an allowance for credit loss. The Company assesses collectability by reviewing accounts receivable collectively when similar characteristics exist and individually when the Company identifies specific customers with known disputes or collectability issues. Expected loss estimates are determined utilizing an aging schedule. In determining the allowance amount for credit losses, the Company considers historical collectability based on past due status. It makes judgments about customers' creditworthiness based on ongoing credit evaluations. The Company also considers customer-specific information, current market conditions, and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data. No interest is charged on outstanding receivables.

Inventory

Inventory consists of supplies, mainly build-out materials, uniforms, and promotional items for franchisees. When sold to franchisees, inventory is stated at the lower cost or net realizable value and expensed as selling, general, and administrative costs using the first-in, first-out method.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective assets:

Asset Category	Estimated Useful Life (Years)
Equipment	3
Furniture and fixtures	7

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Impairment of Long-Lived Assets

The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important, which could trigger an impairment review, include, but are not limited to, significant under-performance relative to historical or projected future operating results, substantial changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. Impairment losses are recognized when the impairment occurs and represent the excess of the asset's carrying value over its estimated future undiscounted net cash flows. During the years ended December 31, 2025 and 2024, no impairment charges related to long-lived assets were recognized.

Revenue Recognition

The Company recognizes revenue upon transferring goods or services to customers for an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company's primary sources of revenue are as follows:

Franchise Fees

Initial franchise fees are generated from the sale of new franchises and territories, as well as from the sale of additional franchises and territories to existing franchise owners. Typically, franchise agreements are granted to franchise owners for an initial term of ten years with an option to renew. The Company will recognize renewal fees over the renewal term. If a franchise agreement is terminated, any remaining deferred fees are recognized in the termination period. Performance obligations under franchise agreements include providing a license to the Company's brand's intellectual property, a list of approved suppliers, specific training programs, an operations manual, and maintaining the marketing fund. These performance obligations are highly interrelated, and the Company does not consider them individually distinct. Progress and performance of the service are measured consistently over time because the performance obligations are satisfied evenly over the contract term, as the owner simultaneously receives and consumes the benefits provided. As such, franchise fee revenue is recognized over time.

Royalty Fees

Royalty fees are charged to existing franchise owners based on a percentage of each franchise owner's gross sales. These fees are generally 7% of the franchise owner's monthly service and retail sales, which are billed at the end of each month and payable on the 15th of the following month. The fees are recognized as earned over the term of the franchise, less associated discounts. Direct costs of sales and servicing of franchise agreements are charged to expense as incurred.

Marketing Fees

These fees are collected from existing franchise owners and typically constitute a percentage of each owner's monthly gross sales. They are billed at the end of each month and are payable on the 15th of the following month. The Company maintains a national marketing fund to promote general brand recognition of the franchise system and the services and products sold by franchisees.

Funds are collected from franchisees based on an agreed-upon percentage of their monthly gross sales and used to pay costs associated with marketing, advertising, digital marketing, contact tracing, promotions, brand building, commercial business development, retail growth strategies, including merchandising, the look and feel of displays, merchandise, public relations, and the costs to administer the national marketing fund. Related expenses are paid out of the national marketing fund account as incurred.

Total marketing expenses incurred were $1,251,603 and $900,755 for the years ended December 31, 2025 and 2024, respectively. Marketing expenses are recorded under selling, general, and administrative expenses in the statements of operations.

Income from the national marketing fund is recorded in marketing fees on the statement of operations. The Company has determined it is the principal in these arrangements, and marketing fund contributions and expenditures are reported on a gross basis in the statements of operations.

Franchise Excellence Program Fees

These incentives are earned from services performed for unrelated third parties under the Company's Franchise Excellence Program (FEP). The FEP is a program operated by the Company that will pay to renovate current retail stores or mobile units to fit Poolwerx franchise requirements on behalf of the franchisees. The Company receives FEP contributions from partners-in-profit vendors and records these amounts as a liability in the balance sheet and as franchise excellence program fees in the statement of operations.

Franchise store renovation expenses are paid out of the FEP account when incurred.

The Company did not collect any amounts under this program during the years ended December 31, 2025 and 2024. Total expenses incurred were $51,696 and $65,009 for the years ended December 31, 2025 and 2024, respectively, and are recorded in selling, general, and administrative expenses on the statements of operations.

The net balances of $26,821 and $78,516 are reported as the franchise excellence program liability on the balance sheet as of December 31, 2025 and 2024, respectively.

The Company acts as the principal in these arrangements.

Rebate Income

The Company receives supplier rebates based on purchases from preferred vendors by its franchisees and records income when such rebates are earned, and collection is probable. Rebates earned but not yet billed to suppliers are included in the financial statements as unbilled revenue.

Partners in Profits Fees

The Company receives supplier fees based on the opening of new retail outlets.

Franchisee Support Fees

This revenue is earned revenue through fees charged to franchisees for technology costs, training, uniforms, and promotional items.

Beginning in 2023, Group Holdings created a technology fee to support its technology platform's operations and ongoing enhancements, driving a sustained competitive advantage for future growth for all Poolwerx entities. For the year ended December 31, 2025 and 2024, the Company collected $276,535 and $63,540, respectively, of software and support fees from Franchisees, and remitted the fees to the Poolwerx technology entity.

Other Revenues

The Company holds a convention once a year. Amounts received for the convention are recorded as deferred revenue until the Company substantially completes its obligations under the convention. Convention fees of $326,102 and $275,803 were recognized for the years ended December 31, 2025 and 2024, respectively.

Disaggregation of Revenue by Source

The following tables disaggregates revenue by source:

Year ended December 31, 2025

	Point in Time	Over Time	Total
Franchise fees	$ -	$ 304,995	$ 304,995
Royalty fees	-	2,172,412	2,172,412
Marketing fees	-	750,674	750,674
Franchise excellence program fees	51,696	-	51,696
Rebate income	730,532	-	730,532
Partners in profit fees	210,604	-	210,604
Franchise support fees	34,897	-	34,897
Other revenues	326,102	-	326,102
Total Revenues	$ 1,353,831	$ 3,228,081	$ 4,581,912

Year ended December 31, 2024

	Point in Time		Over Time		Total
Franchise fees	$	-	$	261,612	$ 261,612
Royalty fees		-		2,020,107	2,020,107
Marketing fees		-		687,802	687,802
Franchise excellence program fees		65,009		-	65,009
Rebate income		583,870		-	583,870
Partners in profit fees		213,199		-	213,199
Franchise support fees		71,630		-	71,630
Other revenues		288,890		-	288,890
Total Revenues	$	1,222,598	$	2,969,521	$ 4,192,119

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from the unamortized portion of initial franchise fees currently being amortized into revenue, amounts related to pending agreements or other deferred revenues such as convention fee advance payments. The Company classifies the contract liabilities as deferred revenue in the balance sheet.

The following table reflects the change in contract liabilities from December 31, 2023 through December 31, 2025:

		Contract Liabilities
Balance, December 31, 2023	$	874,141
Fees received from franchise owners		1,438,494
Revenue recognized from franchise sales and convention fund fees		(550,502)
Balance, December 31, 2024		1,762,133
Fees received from franchise owners		1,152,605
Revenue recognized from franchise sales and convention fund fees		(631,097)
Balance, December 31, 2025	$	2,283,641

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2025:

Year ending December 31,		
2026	$	651,084
2027		263,659
2028		222,882
2029		201,074
2030 and thereafter		944,942
	$	2,283,641

Advertising and Marketing Expense

The Company expenses the costs of advertising and marketing for establishing new franchises when incurred. Generally, in 2025, new franchisees were charged between $10,000 and $15,000 initial market fees to market their new franchise.

Income Taxes Status

The Company is a single-member LLC and, as such, is treated as a division of its parent for federal income tax purposes. Because of its status, the Company is disregarded as a separate entity for federal and state income tax purposes. Therefore, the Company does not file a federal income tax return separate from its parent. Certain states do not allow the Company to be treated as a disregarded entity and require it to pay state income tax based on annual revenue, which is recognized as income tax expense.

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which should improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The amendments in this ASU require that entities disclose income (or loss) from continuing operations before income tax expense (or benefit), disaggregated between domestic and foreign, and income tax expense (or benefit) from continuing operations, disaggregated by federal (national), state, and foreign. For private entities, ASU 2023-09 becomes effective after December 15, 2025, and is not expected to impact our financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)*, which is intended to improve expense disclosures, primarily by requiring disclosure of disaggregated information about certain income statement expense line items on an annual and interim basis. The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregating certain expense captions into specified categories in disclosures in the footnotes to the financial statements. ASU 2024-03 becomes effective January 1, 2027 and is not expected to have an impact on our financial statements.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The new guidance allows companies to apply a practical expedient when estimating credit losses on current accounts receivable and contract assets. The standard update is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The amendments in this ASU should be applied on a prospective basis. We are currently evaluating the impact of adopting this guidance on our financial statements.

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements*. The new guidance adds clarification, corrects errors, or makes minor improvements. The standard update is effective for annual reporting periods beginning after December 15, 2026, including interim periods within those years. Early adoption is permitted. The amendments in this ASU can be applied either prospectively or retrospectively to the beginning of the earliest period presented in the financial statements. We are currently evaluating the impact of this guidance on our financial statements.

3. Accounts Receivable

Accounts receivable consisted of the following:

December 31,		**2025**		2024
Accounts receivable	**$**	**346,004**	$	343,105
Less: allowance for credit loss		**-**		(236)
Accounts Receivable, Net	**$**	**346,004**	$	342,869

4. Property and Equipment

The principal asset classifications of property and equipment, at cost, are as follows:

December 31,		**2025**		2024
Computer and equipment	**$**	**184,103**	$	178,945
Less: accumulated depreciation		**(174,667)**		(161,598)
Property and Equipment, Net	**$**	**9,436**	$	17,347

Depreciation expenses were $13,069 and $12,568, respectively, for the years ended December 31, 2025 and 2024.

5. Income Taxes

The Company is a partnership for U.S. federal income tax purposes. As such, the corporate income or loss and credits are passed to the members and combined with their personal income and deductions to determine taxable income on their individual tax returns.

6. Related Party Transactions

The Company depends on the Parent to perform certain management functions on behalf of the Company, prospective franchisees, and active franchisees, and is charged a monthly management fee and a technology fee. Total management fees charged by the Parent were $2,562,079 and $1,790,478 for the years ended December 31, 2025, and 2024, respectively. For the years ended December 31, 2025 and 2024, the Parents charged total technology fees of $100,000 and $522,569, respectively, as part of their technology enhancement costs. The related party payable account is unsecured, bears no interest, and is due on demand.

7. Concentration

As of December 31, 2025 and 2024, two and four vendors exceeded 10% of total accounts payable, respectively, and accounted for approximately 35% and 66%, respectively.

For the year ended, December 31, 2025, the Company had one customer who approximated 25% of total revenue. For the year ended, December 31, 2024, the Company had one customer who approximated 26% of total revenue.

As of December 31, 2025, the Company had four customers who represented approximately 43% of total accounts receivable. As of December 31, 2024, the Company had three customers who represented approximately 49% of total accounts receivable.

8. Commitments and Contingencies

Various legal actions and claims arising in the normal course of business may be pending against the Company from time to time. Management believes that the ultimate resolution of these contingencies will not have a material effect on the company's financial condition, results of operations, or liquidity.

While the Company cannot predict the outcome of these actions, it requires management to make judgments about future events that are inherently uncertain. The Company must record a loss during any period in which it believes a contingency is probable and can be reasonably estimated. To the extent that actual outcomes differ from the Company’s estimates, or additional facts and circumstances cause the Company to revise the estimates, our earnings will be affected. The Company records legal costs as incurred, and all recorded legal liabilities are revised, as required, as better information becomes available.

9. Subsequent Events

Subsequent events have been evaluated through April 30, 2026, when these financial statements were available to be issued. No other matters must be reflected or disclosed other than those disclosed below.

Poolwerx Franchise Management, LLC

Consolidated Financial Statements
Years Ended December 31, 2024 and 2023

Poolwerx Franchise Management, LLC

Consolidated Financial Statements
Years Ended December 31, 2024 and 2023

Poolwerx Franchise Management, LLC

Contents

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600 N Pearl Street, Suite 1700
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Independent Auditor's Report

The Member
Poolwerx Franchise Management, LLC
Farmers Branch, Texas

Opinion

We have audited the consolidated financial statements of Poolwerx Franchise Management, LLC (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, member's deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, P.C.

April 30, 2025

Consolidated Financial Statements

Poolwerx Franchise Management, LLC

Consolidated Balance Sheets

December 31,		**2024**		2023
Assets				
Current Assets				
Cash and cash equivalents	**$**	**196,916**	$	121,658
Accounts receivable, net		**342,869**		312,490
Unbilled revenue		**105,233**		102,539
Inventory		**9,875**		141,716
Prepaid expenses		**251,927**		160,807
Total Current Assets		**906,820**		839,210
Property and Equipment, Net		**17,347**		25,554
Total Assets	**$**	**924,167**	$	864,764
Liabilities and Member's Deficit				
Current Liabilities				
Accounts payable and accrued expenses	**$**	**570,827**	$	300,081
Franchise excellence program liability		**78,516**		143,525
Deferred revenue		**270,381**		407,141
Related party payables		**3,396,396**		2,249,003
Total Current Liabilities		**4,316,120**		3,099,750
Long-Term Liabilities				
Deferred revenue		**1,554,254**		516,415
Total Liabilities		**5,870,374**		3,616,165
Commitments and Contingencies (Note 8)				
Member's Deficit		**(4,946,207)**		(2,751,401)
Total Liabilities and Member's Deficit	**$**	**924,167**	$	864,764

See accompanying notes to consolidated financial statements.

Poolwerx Franchise Management, LLC

Consolidated Statements of Operations

Year ended December 31,		**2024**		2023
Revenues				
Franchise fees	$	**261,612**	$	445,465
Royalty fees		**2,020,107**		1,599,250
Marketing fees		**687,802**		593,517
Franchise excellence program fees		**65,009**		79,851
Rebate income		**583,870**		697,677
Partners in profit fees		**213,199**		358,344
Franchise support fees		**71,630**		58,783
Other revenues		**275,803**		526,359
Total Revenues		**4,179,032**		4,359,246
Operating Expenses				
Depreciation		**12,568**		28,192
Management fees		**1,790,478**		2,199,270
Selling, general, and administrative		**4,555,792**		3,551,412
Total Operating Expenses		**6,358,838**		5,778,874
Loss from Operations		**(2,179,806)**		(1,419,628)
Income Tax Expense		**15,000**		27,049
Net Loss	$	**(2,194,806)**	$	(1,446,677)

See accompanying notes to consolidated financial statements.

Poolwerx Franchise Management, LLC

Consolidated Statements of Member's Deficit

Balance, December 31, 2022	$	(1,304,724)
Net loss		(1,446,677)
Balance, December 31, 2023		(2,751,401)
Net loss		(2,194,806)
Balance, December 31, 2024	$	(4,946,207)

See accompanying notes to consolidated financial statements.

Poolwerx Franchise Management, LLC

Consolidated Statements of Cash Flows

Year ended December 31,		**2024**		2023
Cash Flows from Operating Activities				
Net loss	$	**(2,194,806)**	$	(1,446,677)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation		**12,568**		28,192
Provision for credit losses		**(43,759)**		38,193
Changes in operating assets and liabilities:				
Accounts receivable		**13,380**		93,556
Unbilled revenue		**(2,694)**		(6,636)
Inventory		**131,841**		(48,268)
Prepaid expenses		**(91,120)**		(21,529)
Accounts payable and accrued expenses		**270,746**		80,838
Franchise excellence program liability		**(65,009)**		38,530
National marketing fund liability		**-**		(167,279)
Deferred revenue		**901,079**		180,565
Related party payables		**1,147,393**		1,163,664
Net Cash Provided by (Used in) Operating Activities		**79,619**		(66,851)
Cash Flows from Investing Activity				
Purchase of property and equipment		**(4,361)**		(33,065)
Net Increase (Decrease) in Cash and Cash Equivalents		**75,258**		(99,916)
Cash and Cash Equivalents, beginning of year		**121,658**		221,574
Cash and Cash Equivalents, end of year	$	**196,916**	$	121,658

See accompanying notes to consolidated financial statements.

1. Organization and Operations

Description of Business

Poolwerx Franchise Management, LLC (the Company), a wholly owned subsidiary of Poolwerx USA LLC (the Parent), was incorporated in Delaware and commenced operations on May 2, 2015. The company sells franchises expected to provide pool maintenance and repair services and retail pool supplies.

The Company is an affiliate of Poolwerx Development, LLC, and Poolwerx Operations, LLC. Each affiliate company performs different activities in the United States and is a subsidiary of the Parent, a subsidiary of the ultimate parent company, Poolwerx Holdings LLC (Group Holdings). The Group Holdings has the ability and commits to support the operating, investing, and financing activities of the Company as necessary.

Poolwerx Holdings Pty Ltd (Poolwerx Holdings) owns the trademarks and other intellectual property relating to the Poolwerx franchise system and has granted the Company a license to use and sublicense the use of the trademarks and other intellectual property to the Company's franchisees under the terms of a Trademark License Agreement dated March 2, 2015. This agreement is perpetual and may be terminated unilaterally by either party only upon a material breach. Poolwerx Holdings is a subsidiary of Group Holdings.

During the years ended December 31, 2024 and 2023, 22 and 17 franchised territories were opened, and 5 and 16 were closed, respectively. As of December 31, 2024 and 2023, there were 80 and 63 franchised territories, respectively. On December 31, 2024, there were no stores owned and operated by affiliate sister companies. On December 31, 2023, the Company had one store owned and operated by an affiliated sister company.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting following the accounting principles generally accepted in the United States (U.S. GAAP). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

Use of Estimates

Preparing financial statements that conform to U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The fair value hierarchy has three levels based on reliable observable data inputs and requires the use of observable market data when available.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1 - The valuation methodology uses quoted market prices for identical assets and liabilities as inputs in active markets.

Level 2 – Inputs to the valuation methodology are observable market-based or unobservable inputs corroborated by market data.

Level 3 – Inputs to the valuation methodology are unobservable inputs not corroborated by market data.

Fair value is the price received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, and accounts payable, and their carrying values are considered to be representative of their respective fair values due to the short-term nature of these instruments.

Non-recurring fair value measurements include the assessment of property and equipment for impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these estimates as Level 3.

Cash and Cash Equivalents

For reporting cash flows, all highly liquid investments with an original maturity of three months or less are considered cash equivalents. The Company has not experienced any loss to date on these cash concentrations.

Accounts Receivable

The balance in accounts receivable consists primarily of receivables from franchisees and contractually determined receivables from major suppliers, less an allowance for credit loss. The Company assesses collectability by reviewing accounts receivable collectively where similar characteristics exist and individually when the Company identifies specific customers with known disputes or collectability issues. Expected loss estimates are determined utilizing an aging schedule. In determining the allowance amount for credit losses, the Company considers historical collectability based on past due status. It makes judgments about the creditworthiness of customers based on ongoing credit evaluations. The Company also considers customer-specific information, current market conditions, and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data. No interest is charged on outstanding receivables.

Inventory

Inventory consists of supplies, mainly build-out materials, uniforms, and promotional items for franchisees. When sold to franchisees, inventory is stated at the lower cost or net realizable value and expensed as selling, general, and administrative costs using the first-in, first-out method.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective assets:

	Estimated Useful Life (Years)
Equipment	3
Furniture and fixtures	7

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Impairment of Long-Lived Assets

The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important, which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, substantial changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. Impairment losses are recognized when the impairment occurs and represent the excess of the asset's carrying value over its estimated future undiscounted net cash flows. During the years ended December 31, 2024 and 2023, no impairment charges related to long-lived assets were recognized.

Revenue Recognition

The Company recognizes revenue based on transferring goods or services to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company's primary sources of revenue are as follows:

Franchise Fees

Initial franchise fees are franchise agreements that are generated from the sale of new franchises and territories and the sale of additional franchises and territories to existing franchise owners. Typically, franchise agreements are granted to franchise owners for an initial term of ten years with an option to renew. The Company will recognize renewal fees over the term of the renewal. If a franchise agreement is terminated, any remaining deferred fees are recognized in the termination period. Performance obligations under franchise agreements include providing a license of the Company's brand's intellectual property, a list of approved suppliers, specific training programs, an operations manual, and maintaining the marketing fund. These performance obligations are highly interrelated, and the Company does not consider them individually distinct. Progress and performance of the service are measured consistently as time passes, because the performance obligations are satisfied evenly over the contract term as the owner simultaneously receives and consumes the benefits provided. As such, franchise fee revenue is recognized over time.

Royalty Fees

Royalty fees are charged to existing franchise owners based on a percentage of each franchise owner's gross sales. These fees are generally 7% of the franchise owner's monthly service and retail sales, which are billed at the end of each month and payable on the 15th of the following month. The fees are recognized as earned over the term of the franchise, less associated discounts. Direct costs of sales and servicing of franchise agreements are charged to expense as incurred.

Marketing Fees

These fees are collected from existing franchise owners and are typically a percentage of each franchise owner's monthly gross sales. They are billed at the end of each month and payable on the 15th of the following month. The Company maintains a national marketing fund to promote general brand recognition of the franchise system, services, and products sold by franchisees.

Funds are collected from franchisees based on an agreed-upon percentage of their monthly gross sales and used to pay costs associated with marketing, advertising, digital marketing, contact tracing, promotions, brand building, commercial business development, retail growth strategies including merchandising, the look and feel of displays, merchandise, public relations, and the costs to administer the national marketing fund. Related expenses are paid out of the national marketing fund account as incurred.

Total marketing expenses incurred were $900,755 and $915,865 for the years ended December 31, 2024 and 2023, respectively. The marketing expenses are recorded in selling, general, and administrative expense in the statements of operations.

Income from the national marketing fund is recorded in marketing fees on the statement of operations. The Company has determined it is the principal in these arrangements and marketing fund contributions and expenditures are reported on a gross basis in the statements of operations.

Franchise Excellence Program Fees

These incentives are earned from services performed for unrelated third parties under the Company's Franchise Excellence Program (FEP). The FEP is a program operated by the Company that will pay to renovate current retail stores or mobile units to fit Poolwerx franchise requirements on behalf of the franchisees. The Company receives FEP contributions from partners-in-profit vendors and records these amounts as a liability in the balance sheet and as franchise excellence program fees in the statement of operations.

Franchise store renovation expenses are paid out of the FEP account when incurred.

The Company collected $0 and $118,381 related to this program for the years ended December 31, 2024 and 2023, respectively. Total expenses incurred were $65,009 and $79,851 for the years ended December 31, 2024 and 2023, respectively, and are recorded in selling, general, and administrative on the statements of operations.

The net balances of $78,516 and $143,525 are reported as the franchise excellence program liability on the balance sheet as of December 31, 2024 and 2023, respectively.

The Company acts as the principal in these arrangements.

Rebate Income

The Company receives supplier rebates based on purchases from preferred vendors by its franchisees and records income when such rebates are earned, and collection is probable. Rebates earned but not yet billed to suppliers are included in the financial statements as unbilled revenue.

Partners in Profits Fees

The Company receives supplier fees based on the opening of new retail outlets.

Franchisee Support Fees

Th is revenue is earned revenue through fees charged to franchisees for technology costs, training, uniforms, and promotional items.

Beginning in 2023, Group Holdings created a technology fee to support its technology platform's operations and ongoing enhancements, driving a sustained competitive advantage for future growth for all Poolwerx entities. For the year ended December 31, 2024 and 2023, the Company collected $63,540 and $151,778, respectively, of software and support fees from Franchisees and remitted the fees to the Poolwerx technology entity.

Other Revenues

The Company holds a convention once a year. Amounts received for the convention are recorded as deferred revenue until the Company substantially completes its obligations for the convention event. Convention fees of $275,803 and $263,023 were recognized for the years ended December 31, 2024 and 2023, respectively. The Company earned various miscellaneous revenues totaling $0 and $263,335 for the years ended December 31, 2024 and 2023, respectively.

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Disaggregation of Revenue by Source

The following tables disaggregates revenue by source:

Year ended December 31, 2024

	Point in Time	Over Time	Total
Franchise fees	$ -	$ 261,612	$ 261,612
Royalty fees	-	2,020,107	2,020,107
Marketing fees	-	687,802	687,802
Franchise excellence program fees	65,009	-	65,009
Rebate income	583,870	-	583,870
Partners in profit fees	213,199	-	213,199
Franchise support fees	71,630	-	71,630
Other revenues	275,803	-	275,803
Total Revenues	$ 1,209,511	$ 2,969,521	$ 4,179,032

Year ended December 31, 2023

	Point in Time	Over Time	Total
Franchise fees	$ -	$ 445,465	$ 445,465
Royalty fees	-	1,599,250	1,599,250
Marketing fees	-	593,517	593,517
Franchise excellence program fees	79,851	-	79,851
Rebate income	697,677	-	697,677
Partners in profit fees	358,344	-	358,344
Franchise support fees	58,783	-	58,783
Other revenues	526,359	-	526,359
Total Revenues	$ 1,721,014	$ 2,638,232	$ 4,359,246

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from the unamortized portion of initial franchise fees currently being amortized into revenue, amounts related to pending agreements or other deferred revenues such as convention fee advance payments. The Company classifies the contract liabilities as deferred revenue in the balance sheet.

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The following table reflects the change in contract liabilities from December 31, 2022 through December 31, 2024:

		Contract Liabilities
Balance, December 31, 2022	$	742,991
Fees received from franchise owners		889,053
Revenue recognized from franchise sales and convention fund fees		(708,488)
Balance, December 31, 2023		923,556
Fees received from franchise owners		1,438,494
Revenue recognized from franchise sales and convention fund fees		(537,415)
Balance, December 31, 2024	$	1,824,635

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2024:

Year ending December 31,		
2025	$	270,381
2026		502,110
2027		193,580
2028		141,799
2029 and thereafter		716,765
	$	1,824,635

Advertising and Marketing Expense

The Company expenses the costs of advertising and marketing for establishing new franchises when incurred. Generally, in 2024, new franchisees were charged between $8,000 and $15,000 initial market fees to market their new franchise.

Income Taxes Status

The Company is a single-member LLC and, as such, is treated as a division of its parent for federal income tax purposes. Because of its status, the Company is disregarded as a separate entity for federal and state income tax purposes. Therefore, the Company does not file a federal income tax return separate from its parent. Certain states do not allow the Company to be treated as a disregarded entity and require it to pay state income tax based on annual revenue, which is recognized as income tax expense.

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which should improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The amendments in this ASU require that entities disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. For private entities ASU 2023-09 becomes effective beginning after December 15, 2025 and is not expected to have an impact on our financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)*, which is intended to improve expense disclosures, primarily by requiring disclosure of disaggregated information about certain income statement expense line items on an annual and interim basis. The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 becomes effective January 1, 2027 and is not expected to have an impact on our financial statements.

3. Accounts Receivable

Accounts receivable consisted of the following:

December 31,		**2024**		2023
Accounts receivable	**$**	**343,105**	$	356,485
Less: allowance for credit loss		**(236)**		(43,995)
Accounts Receivable, Net	**$**	**342,869**	$	312,490

4. Property and Equipment

The principal asset classifications of property and equipment, at cost, are as follows:

December 31,		**2024**		2023
Computer and equipment	**$**	**178,945**	$	174,569
Less: accumulated depreciation		**(161,598)**		(149,015)
Property and Equipment, Net	**$**	**17,347**	$	25,554

Depreciation expenses were $12,568 and $28,192, respectively, for the years ended December 31, 2024 and 2023.

5. Income Taxes

The Company is a partnership for U.S. federal income tax purposes. As such, the corporate income or loss and credits are passed to the members and combined with their personal income and deductions to determine taxable income on their individual tax returns.

6. Related Party Transactions

The Company depends on the Parent to perform certain management functions on behalf of the Company, prospective franchisees, and active franchisees and is charged a monthly management fee and a technology fee. Total management fees charged by the Parent were $1,790,478 and $2,199,270 for the years ended December 31, 2024, and 2023, respectively. For the years ended December 31, 2024 and 2023, total technology fees charged by the Parents were $522,569 and

$512,441, respectively, as part of its costs associated with enhancing technology. The related party payable account is unsecured, bears no interest, and is due on demand, except for the loan agreement described below. The Company charges royalty service fees to franchises currently operated by affiliated companies. In 2024 there were no franchises operated by affiliated companies. For the year ended December 31, 2023, $104,771 were charged to affiliated companies. The Company charges monthly marketing fees to franchises currently operated by affiliated companies. For the years ended December 31, 2024, and 2023, $0 and $34,772 were charged to affiliated companies, respectively.

In December 2023, the Company entered into a $750,000 Australian Dollar (AUD) loan agreement with its Parent. The original maturity date of the loan was August 30, 2024 and was renewed for an additional year to August 30, 2025. This loan bears interest at 12.8%, which is considered an arm's length transaction. On December 21, 2023, the Company drew $311,243 ($465,000 AUD) of these funds for its working capital requirement, and is recorded in related party payables on the balance sheets.

During 2024, the Company entered into four additional loan agreements with its Parent as follows:

Agreement date		Loan amount (AUD)	Maturity Date
March 18, 2024	$	557,932	June 30, 2025
June 21, 2024		451,818	June 30, 2025
September 6, 2024		588,391	June 30, 2025
December 19, 2024		623,533	December 31,2026

The December 19, 2024 note was not funded until January 8, 2025. All of the 2024 loans bear interest at 12.8% and are recorded in related party payables on the balance sheets.

7. Concentration

As of December 31, 2024 and 2023, four and two vendors exceeded 10% of total accounts payable, respectively, and accounted for approximately 66% and 58%, respectively.

For the year ended, December 31, 2024, the Company had one customer who approximated 26% of total revenue. For the year ended, December 31, 2023, no customer exceeded 10% of total revenue.

As of December 31, 2024, the Company had three customers who represented approximately 49% of total accounts receivable. As of December 31, 2023, the Company had two customers who represented approximately 37% of total accounts receivable.

8. Commitments and Contingencies

Various legal actions and claims arising in the normal course of business may be pending against the Company from time to time. Management believes that the ultimate resolution of these contingencies will not have a material effect on the company's financial condition, results of operations, or liquidity.

While the Company cannot predict the outcome of these actions, it requires management to make judgments about future events that are inherently uncertain. The Company must record a loss during any period in which it believes a contingency is probable and can be reasonably estimated. To the extent that actual outcomes differ from the Company's estimates, or additional facts and circumstances cause the Company to revise the estimates, our earnings will be affected. The Company records legal costs as incurred, and all recorded legal liabilities are revised, as required, as better information becomes available.

9. Subsequent Events

Subsequent events have been evaluated through April 30, 2025, when these financial statements were available to be issued. No other matters must be reflected or disclosed other than those disclosed below.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESS HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Poolwerx Franchise Management, LLC
Consolidated Balance Sheet (unaudited)

		Dec. 31, 2025		Feb. 28, 2026
Assets				
Current Assets				
Cash and cash equivalents	$	510,421	$	335,989
Accounts receivable, net		346,004		370,717
Unbilled revenue		139,280		-
Inventory		9,875		9,875
Prepaid expenses and other assets		513,409		544,395
Total Current Assets		1,518,989		1,260,976
Property and Equipment, net		9,436		8,809
Total Assets	$	1,528,425	$	1,269,785
Liabilities and Member's Deficit				
Current Liabilities				
Accounts payable and accrued expenses	$	377,453	$	465,714
Franchise excellenge program liability		26,821		26,821
Deferred revenue		651,084		651,084
Related party payables		5,635,167		5,205,513
Total Current Liabilities		6,690,525		6,349,132
Long-Term Liabilities				
Deferred revenue		1,632,557		1,632,557
Total Liabilities		8,323,082		7,981,689
Member's Deficit		(6,794,657)		(6,711,904)
Total Liabilities and Member's Deficit	$	1,528,425	$	1,269,785

Poolwerx Franchise Management, LLC
Consolidated Statement of Operations (unaudited)

For the period ended		Feb. 28, 2026
Revenues		
Franchise fees	$	197,900
Convention fees		333,796
Royalty fees		91,118
Marketing fees		36,618
Rebate income		10,824
Partners in profit fees		-
Franchise support fees		33,875
Other revenues		857
Total Revenues		704,988
Operating Expenses		
Depreciation		24,651
Management fees		312,047
Selling, general, and adminstrative		285,537
Total Operating Expenses		622,235
Net Operating Income		82,753
Income Tax Expense		-
Net Income		82,753

Poolwerx Franchise Management, LLC

Consolidated Statements of Cash Flows (unaudited)

For the periods ended	**Dec. 31, 2025**	**Feb. 28, 2026**
Cash Flows from Operating Activities		
Net income (loss)	(1,910,952)	82,753
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	13,069	24,651
Provision (recovery) for credit losses	(236)	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,900)	(24,713)
Unbilled revenue	(34,047)	139,280
Inventory	-	-
Prepaid expenses and other assets	(261,482)	(30,986)
Accounts payable and accrued expenses	(193,374)	88,261
Franchise excellence program liability	(51,695)	-
Deferred revenue	521,508	-
Related party payables	2,238,771	(429,654)
Net Cash Provided by Operations	318,662	(150,408)
Cash Flows from Investing Activity		
Purchase of property and equipment	(5,157)	(24,024)
Net Increase (Decrease) in Cash and Cash Equivalents	313,505	(174,432)
Cash and Cash Equivalents, beginning of the period	196,916	510,421
Cash and Cash Equivalents, end of the period	510,421	335,989

Exhibit F
to
POOLWERX FRANCHISE MANAGEMENT LLC
Franchise Disclosure Document

Sample Termination and Release Agreement

SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE UPON TRANSFER TO AN AUTHORIZED FRANCHISEE

This Termination of Franchise Agreement and Release (the "Agreement") is made on _________________ (the "Effective Date"), by and between Poolwerx Franchise Management LLC, a limited liability company, with its principal place of business at 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 75244. ("Franchisor") and ____________________________________, a ___________________________________ with its principal place of business at ____ ("Transferor").

BACKGROUND

A. On _____________, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a franchised business under Franchisor's then-current proprietary marks ("Franchised Business") under Franchisor's proprietary marks and system (the "System").

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to ____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which Transferor, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations in the Franchise Agreement, and Transferor's obligations as in Section 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement. Specifically excepted from this release are any claims asserted against Franchisor or any of its present and former officers, employees, members, directors, agents, servants, representatives, affiliates, successors or assigns (the "Indemnified Parties") by any third party, which claims arise out of or relate to the Franchise Agreement prior to the Effective Date of this Agreement. Transferor agrees to indemnify and hold the Indemnified Parties harmless from any and all losses, damages, liabilities, claims, costs, expenses, or judgments, including reasonable attorneys' fees incurred in connection with such claims (in the manner prescribed in the Franchise Agreement).

Transferor and Transferee agree and acknowledge that they have been advised by counsel and are familiar with and expressly waive the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the State of Texas, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors, and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in the State of Texas and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of Texas pursuant to the mediation, venue, and jurisdiction provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

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

FRANCHISOR:

POOLWERX FRANCHISE MANAGEMENT LLC

By: ______________________________

Name: ____________________________

Title: _____________________________

Date: _____________________________

TRANSFEROR

[NAME]

By: ______________________________

Name: ____________________________

Title: _____________________________

Date: _____________________________

Exhibit G
to
Poolwerx Franchise Management LLC
Franchise Disclosure Document

Operations Manual Table of Contents

Exhibit H
to
Poolwerx Franchise Management LLC
Franchise Disclosure Document

List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2025:

No	State	Entity Name	Territory Granted	Address of franchised retail stores/or location out of which Franchisee operates	Telephone
1	Arkansas	Swim 479 LLC	Northwest Arkansas	Mobile only territory	(479) 406 8343
2	Arkansas	Swim 479 LLC	Rogers	Mobile only territory	(479) 406 8343
3	California	Black Swan LLC	Long Beach	Mobile only territory	(562) 675 9600
4	California	SC Pool Services LLC	Murrieta	Mobile only territory	(951) 323 7771
5	California	SC Pool Services	Temecula	Mobile only territory	(951) 323 7771
6	California	Redlands Pool & Spa Center Inc	Redlands	310 Alabama Street, Redlands CA 92373	(909) 793-9082
7	California	Redlands Pool & Spa Center Inc	San Bernadino	310 Alabama Street, Redlands CA 92373	(909) 793-9082
8	California	A to Z Pool Service & Supplies Inc	Studio City	Mobile only territory	(818) 237 5999
9	California	A to Z Pool Service & Supplies Inc	Encino	Mobile only territory	(818) 237 5999
10	California	A to Z Pool Service & Supplies Inc	Beverly Hills	Mobile only territory	(818) 237 5999
11	California	Blueicon Enterprise LLC	Riverside	Mobile only territory	(951) 300 8141
12	Colorado	Blue Paint LLC	Denver	Mobile only territory	(983) 333 1003
13	Colorado	Blue Paint LLC	Littleton	Mobile only territory	(983) 333 1003
14	Colorado	Blue Paint LLC	Thornton	Mobile only territory	(983) 333 1003
15	Colorado	Blue Paint LLC	Arvada	Mobile only territory	(983) 333 1003
16	Florida	Citrus Outdoor Living LLC	Amelia Island	Mobile only territory	(313) 671 5397
17	Florida	Citrus Outdoor Living LLC	St Johns	144 Marquesa Cir, St Johns FL 32259	(313) 671 5397
18	Florida	Citrus Outdoor Living LLC	Nocatee	144 Marquesa Cir, St Johns FL 32259	(313) 671-5397

19	Florida	Citrus Outdoor Living LLC	Beaches	144 Marquesa Cir, St Johns FL 32259	(313) 671-5397
20	Florida	Kristen & Brian Phillips	East Hillsborough	Mobile only territory	(813) 220 1877
21	Florida	Kristen & Brian Phillips	North Manatee / Wimauma	Mobile only territory	(813) 220 1877
22	Florida	Kristen & Brian Phillips	Southshore	Mobile only territory	(813) 220 1877
23	Florida	Suncoast SRQ Inc	Sarasota Central	8436 N Lockwood Ridge Road Sarasota, FL 34243	(941) 914-7665
24	Florida	Suncoast SRQ Inc	Lakewood Ranch	8436 N Lockwood Ridge Road Sarasota, FL 34243	(941) 914-7665
25	Florida	Timothy & Luana Rivera	Weston	Mobile only territory	(754) 299 815
26	Florida	Timothy & Luana Rivera	Southwest Ranches	Mobile only territory	(754) 299 815
27	Georgia	NKGwynne Corp	Augusta	3118 William Few Parkway Ste #3, Evans, GA 30809	(262) 308 4106
28	Georgia	PBJ Capital Ventures, LLC	Rome	PO Box 1234 Silver Creek, GA 30173	(706) 662-5402
29	Georgia	Vonkpropmedia Group LLC	Marietta	Mobile only territory	(470) 240 9807
30	Georgia	Vonkpropmedia Group LLC	Sandy Springs	Mobile only territory	(470) 240 9807
31	Georgia	Vonkpropmedia Group LLC	Alpharetta	Mobile only territory	(470) 240 9807
32	Georgia	Broken Hammer Development Company LLC	Canton	Mobile only territory	(770) 363 7137
33	Georgia	Broken Hammer Development Company LLC	Cumming	Mobile only territory	(770) 363 7137
34	Indiana	Hot Mess Jess LLC	Fortville	221 W 161 St, Westfield IN 46074	(317) 420 9119
35	Indiana	Hot Mess Jess LLC	Noblesville	221 W 161 St, Westfield IN 46074	(317) 420 9119

36	Indiana	Hot Mess Jess LLC	Westfield	221 W 161 St, Westfield IN 46074	(317) 420 9119
37	Kentucky	Mark Shayne White & Laura Parrot White	Louisville	612 Samples Rd. Louisville, KY 40076	(502) 643-0612
38	Minnesota	PPS Newco, LLC	Burnsville	1270 County Road 42W, Burnsville MN 55337	N/A
39	Minnesota	PPS Newco, LLC	Elk River	16800 US-10, Elk River MN 55330	N/A
40	Minnesota	PPS Newco, LLC	Mankato	1720 Basset Dr, Mankato, MN 56001	N/A
41	Minnesota	PPS Newco, LLC	Minnetonka	13110 Excelsior Blvd, Hopkins, MN 55343	N/A
42	Minnesota	PPS Newco, LLC	Oakdale	6922 55th St N, Oakdale MN 55128	N/A
43	Minnesota	PPS Newco, LLC	Owatonna	2405 Annapolis Ln #280, Plymouth MN 55441	N/A
44	Minnesota	PPS Newco, LLC	Plymouth	2405 Annapolis Ln #280, Plymouth MN 55441	N/A
45	Minnesota	PPS Newco, LLC	St Cloud	81 10th Ave S, Waite Park MN 56387	N/A
46	Minnesota	PPS Newco, LLC	Wooddale	1890 Woodale Dr S #800, Woodbury MN 55125	N/A
47	North Carolina	Fast Times Enterprises LLC	Charlotte	Mobile only territory	(980) 776 4808
48	North Carolina	Fast Times Enterprises LLC	West Charlotte	Mobile only territory	(980) 776 4808
49	North Carolina	Fast Times Enterprises LLC	Lake Norman	Mobile only territory	(980) 776 4808
50	North Carolina	Trisul Corporation	Raleigh	Mobile only territory	(984) 255 4482
51	Ohio	Central OH Home Services LLC	North Columbus	Mobile only territory	(614) 270 3464
52	Oklahoma	Johnson Investing LLC	Broken Arrow	Mobile only territory	(918) 230 3062
53	Oklahoma	Highlander Sales & Services LLC	Edmond	36 W Memorial Road, Oklahoma City 73114	(405) 751-3105

54	Oklahoma	Highlander Sales & Services LLC	Mustang	9324 S Shields Blvd Oklahoma City, OK 73160	(405) 799-9133
55	Oklahoma	Highlander Sales & Services LLC	Oklahoma City	9324 S Shields Blvd Oklahoma City, OK 73160	(405) 799-9133
56	Oklahoma	Highlander Sales & Services LLC	Stillwater	1411 Cimarron Plaza, Stillwater 74075	(405) 624-8833
57	South Carolina	Southern Pools & Spas Inc	Anderson	1421 W Wade Hampton Blvd, Greer, SC 29660	(864) 877-4748
58	South Carolina	Southern Pools & Spas Inc	Greenville	1421 W Wade Hampton Blvd, Greer, SC 29660	(864) 877-4748
59	South Carolina	Southern Pools & Spas Inc	Spartanburg	1421 W Wade Hampton Blvd, Greer, SC 29660	(864) 877-4748
60	South Carolina	Southern Pools & Spas Inc	Rock Hill	1421 W Wade Hampton Blvd, Greer, SC 29660	(864) 877-4748
61	South Carolina	M Weatherford and Associates LLC	Florence	2704 W Palmetto St Florence, SC 29501	(843) 669-4567
62	South Carolina	HygieniKleen LLC	Myrtle Beach	3675 Hwy 17 Bypass, Ste #2, Murrells Inlet, SC 29576	(843) 372-4469
63	South Carolina	Perfect Splash LLC	Charleston	Mobile only territory	(843) 713 1281
64	Tennessee	Lemah Enterprises Inc	Chattanooga	3712 Ringgold Road, Ste #372 Chattanooga, TN 37412	(423)320-8606
65	Texas	Parker County Pools Inc	Benbrook	401 Palo Pinto St, Weatherford, TX 76086	(817) 341-7665
66	Texas	Parker County Pools Inc	Weatherford	401 Palo Pinto St, Weatherford, TX 76086	(817) 341-7665
67	Texas	Don’t SnooZ3 Co	Boerne	Mobile only territory	(830) 383 4230
68	Texas	Vivid Pools Inc	Brownsville	Mobile only territory	(956) 354 7747

69	Texas	Vivid Pools Inc	Edinburg	Mobile only territory	(956) 354 7747
70	Texas	Exalted Investments LLC	Prosper	Mobile only territory	(214) 656 2900
71	Texas	Exalted Investments LLC	North Frisco	Mobile only territory	(214) 656 2900
72	Texas	Blue Bottom Pool Supply LLC	Cedar Park	601 East Whitestone Boulevard, Suite 700 Cedar Park Texas 78613	(512) 259-7665
73	Texas	Blue Bottom Pool Supply LLC	Round Rock	601 East Whitestone Boulevard, Suite 700 Cedar Park Texas 78613	(512) 259-7665
74	Texas	S.B.B.O Group Inc	Cinco Ranch	9711 S. Mason Rd., Ste 125 #124, Richmond, TX 74407	(832)520-6160
75	Texas	PLKN Enterprises LLC	Haslet	13100 US-287, Ste 142, Haslet TX 76052	(817) 228 4473
76	Texas	PLKN Enterprises LLC	Decatur	13100 US-287, Ste 142, Haslet TX 76052	(817) 228 4473
77	Texas	PLKN Enterprises LLC	Saginaw	13100 US-287, Ste 142, Haslet TX 76052	(817) 228 4473
78	Texas	Ocellaris LLC	Highland Park	7522 Campbell Road Suite 110, Dallas, TX 75248	(214) 363-4501
79	Texas	Ocellaris LLC	Coit & Campbell	7522 Campbell Road Suite 110, Dallas, TX 75248	(214) 363-4501
80	Texas	Ocellaris LLC	White Rock Lake	7522 Campbell Road Suite 110, Dallas, TX 75248	(214) 363-4501
81	Texas	Ocellaris LLC	Richardson	7522 Campbell Road Suite 110, Dallas, TX 75248	(972) 250-4048
82	Texas	Ocellaris LLC	West Plano	7522 Campbell Road Suite 110, Dallas, TX 75248	(972) 250-4048

83	Texas	FJRB Ventures LLC	Keller	8528 Davis Boulevard, Suite 190, North Richland Hills, TX 76182	(817) 919-0247
84	Texas	FJRB Ventures LLC	Denton	3400 FM 407 E, Suite 200-10, Bartonville, TX, 76266	(940) 208-5545
85	Texas	FJRB Ventures LLC	Colleyville	3400 FM 407 E Suite 200-10 Bartonville, Texas 76226	(940) 208 5545
86	Texas	FJRB Ventures LLC	Roanoke	852 E. Highway 114, Suite 120, Roanoke, TX 76262	(817) 688 4799
87	Texas	FJRB Ventures LLC	Flower Mound	2250 Morriss Rd #208, Flower Mound, TX 75028	(972) 537-5039
88	Texas	FJRB Ventures LLC	Lewisville	2250 Morriss Rd #208, Flower Mound, TX 75028	(972) 537-5039
89	Texas	FJRB Ventures LLC	Frisco	2250 Morriss Rd #208, Flower Mound, TX 75028	(972) 537-5039
90	Texas	Maceta LLC	Lubbock	7239 Quaker Avenue, Lubbock TX 79424	806-474-8127
91	Texas	Midessa Pools LLC	Midland/Odessa	3001 W. Loop 250 N., Ste C-105, Midland, TX 79705	(432) 222-5767
92	Texas	BK North Dallas Holdings LLC	Carrollton	1341 W Mockingbird Lane Suite 600W, Dallas TX 75247	619-325-7589
93	Texas	BK North Dallas Holdings LLC	Farmers Branch	1341 W Mockingbird Lane Suite 600W, Dallas TX 75247	619-325-7589
94	Texas	BK North Dallas Holdings LLC	Forest Lane	1341 W Mockingbird Lane Suite 600W, Dallas TX 75247	619-325-7589
95	Texas	Pronghorn Place	Conroe	111 Pronghorn Place, Montgomery, TX 77316	(936) 689 7160

96	Texas	Pronghorn Place	Lake Conroe	111 Pronghorn Place, Montgomery, TX 77316	(936) 689 7160
97	Texas	Pronghorn Place	Spring	111 Pronghorn Place, Montgomery, TX 77316	(936) 689 7160
98	Texas	Pronghorn Place	The Woodlands	111 Pronghorn Place, Montgomery, TX 77316	(936) 689 7160
99	Texas	Pronghorn Place	Montgomery	111 Pronghorn Place, Montgomery, TX 77316	(936) 689 7160
100	Texas	Pronghorn Place	Willis	111 Pronghorn Place, Montgomery, TX 77316	(936) 689 7160
101	Utah	Special Werx LLC	Bountiful	3092 N 2000W, Farr West UT 84404	801 391 7653
102	Utah	Special Werx LLC	Ogden	3092 N 2000W, Farr West UT 84404	801 391 7653
103	Utah	Special Werx LLC	Provo-Orem	3092 N 2000W, Farr West UT 84404	801 391 7653
104	Utah	Special Werx LLC	Salt Lake City	3092 N 2000W, Farr West UT 84404	801 391 7653
105	Utah	Joy & Jace Shepherd	St George	558 E. Riverside Dr, Suite 104, St George, UT 84770	(435) 979 7976
106	Wisconsin	PPS Newco, LLC	Hudson	593 Schommer Dr, Hudson WI 54016	N/A
107	Wisconsin	PPS Newco, LLC	Eau Claire	593 Schommer Dr, Hudson WI 54016	N/A

LIST OF FRANCHISEES WHO HAVE SIGNED FRANCHISE AGREEMENTS BUT ARE NOT YET OPEN AS OF DECEMBER 31, 2025:

1	Iowa	Brent Meisenheimer & Jody Gehl	Waukee	147th Street, Urbandale, IA 50323	515-214-9647
2	Texas	Pafelu Services LLC	McKinney	120 Watermills Falls, Alpharetta, GA 30004	403-999-3755
3	Texas	Pafelu Services LLC	South McKinney	120 Watermills Falls, Alpharetta, GA 30004	403-999-3755
4	Texas	Pafelu Services LLC	Allen	120 Watermills Falls, Alpharetta, GA 30004	403-999-3755

LIST OF FORMER FRANCHISEES WHO LEFT THE SYSTEM IN OUR PAST FISCAL YEAR:

No	State	Entity Name	Territory Granted	Address of franchised retail stores/or location out of which Franchisee operates	Telephone
	Non-Renewals				
1	Nevada	Desert Pool Supply	Pahrump	150 S Nevada Hwy 160, Ste 3, Pahrump, NV, 89048	(775) 209 7665
2	Tennessee	Campbells Pool and Spa Constructions LLC	Knoxville	7812 Montvue Rd, NW Knoxville N 37919	(865) 246 8716
3	Tennessee	Campbells Pool and Spa Constructions LLC	Lenoir City	756 Highway 321, North Lenoir City TN 37771	(865) 246 8716
4	Tennessee	Campbells Pool and Spa Constructions LLC	Maryville	1904West Broadway, Suite E Maryville, TN 37801	(865) 246 8716
	Terminations				
1	Texas	Jakada premier Enterprises LLC	Mansfield	990 US 287 Frontage Rd, Ste 103, Mansfield, TX 76063	(817) 228 6997
	Transfers				
1	Florida	2Bits Ventures, LLC	Amelia Island	56 Laurel Oak Rd. Fernandina Beach, FL 32034	(678)863-2120
2	Georgia	Roman Pool Services LLC	Alpharetta	1347 Fairview Trail, Lawrenceville, GA 30043	N/A

3	Georgia	Roman Pool Services LLC	Sandy Springs	1347 Fairview Trail, Lawrenceville, GA 30043	N/A
4	Texas	Empty Box LLC	Flower Mound	2250 Morriss Rd #208 Flower Mound, TX 75028	(972) 537 5039
5	Texas	Aqua Alliance Group, LLC	Plano	501 W President George Bush Hwy, Suite 125 Richardson, TX 75080	(972) 891-8969

Exhibit I
to
Poolwerx Franchise Management LLC
Franchise Disclosure Document

<u>Franchisee Questionnaire</u>

FRANCHISEE QUESTIONNAIRE

DO NOT SIGN THIS QUEESTIONNAIRE IF YOU ARE A CALIFORNIA, MARYLAND, OR WASHINGTON FRANCHISEE.

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI.

As you know, Poolwerx Franchise Management LLC ("we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of a franchise (a "Franchised Business"). The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to the agreements you intend to enter into with us?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Do you understand all the information contained in the Franchise Disclosure Document, Franchise Agreement you intend to enter into with us?

Yes____ No ____ 5. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating a Franchised Business with these professional advisor(s)?

Yes____ No ____ 6. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities, and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes____ No ____ 7. Do you understand that you must devote your personal full-time attention and best efforts to the management and operation of your Franchised Business and will not own, maintain, engage in, be employed by, or have any interest in any other business other than the Franchised Business?

Yes____ No ____ 8. Do you understand we have only granted you certain exclusive territorial rights under the Franchise Agreement and that we have reserved certain rights under the Franchise Agreement?

Yes____ No ____ 9. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the POOLWERX mark or other marks, at any location outside your Territory, without regard to the proximity of these activities to the premises of your Franchised Business?

Yes____ No ____ 10. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in the city and state where our current principal office is (currently, Farmers Branch, Texas).

Yes____ No ____ 11. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and you are not entitled to any punitive, consequential, or other special damages?

Yes____ No ____ 12. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is Poolwerx Franchise Management LLC?

Yes____ No ____ 13. Do you understand all persons whose names appear on the Franchise Agreement must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

Yes____ No ____ 14. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes____ No ____ 15. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes____ No ____ 16. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?

Yes____ No ____ 17. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes____ No ____ 18. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No ____ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No ____ 20. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No ____ 21. Is it true that no broker, employee, or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property, or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Franchise Disclosure Document?

Yes____ No ____ 22. Did you receive the Franchise Disclosure Document at least 14 days before you completed and signed this Questionnaire?

Yes____ No ____ 23. Did you receive the Franchise Agreement at least 7 days before you completed and signed this Questionnaire?

Yes____ No ____ 24. You acknowledge that the Franchised Business is initially required to commence operations through a Mobile Unit and that the opening of the Retail Location is not required until up to thirty-six (36) months after the Effective Date of the Franchise Agreement. You acknowledge that because the Retail Location may not be constructed and opened until a future date, the estimated initial investment for the retail location disclosed in Item 7 of the Franchise Disclosure Document may not accurately reflect the actual costs that will be incurred at the time the retail location is developed, due to factors such as the passage of time, inflation, changes in market conditions, construction costs, equipment pricing, labor costs, or other economic factors.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Dated: _______________, 20_______	Dated: _______________, 20_______

Exhibit J
to
Poolwerx Franchise Management LLC
Franchise Disclosure Document

State Effective Dates

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

State	Effective Date
California	Pending Registration
Hawaii	Pending Registration
Illinois	Pending Registration
Indiana	Pending Registration
Maryland	Pending Registration
Michigan	July 1, 2025
Minnesota	Pending Registration
New York	Pending Registration
North Dakota	Pending Registration
Rhode Island	Pending Registration
South Dakota	Pending Registration
Virginia	Pending Registration
Washington	Pending Registration
Wisconsin	Pending Registration

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit K
to
Poolwerx Franchise Management LLC
Franchise Disclosure Document

Receipts

RECEIPTS (OUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Poolwerx Franchise Management LLC offers you a franchise it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Poolwerx Franchise Management LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of our agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

Issuance Date: May 29, 2026.

I have received a Franchise Disclosure Document with an Issuance Date of May 29, 2026, which included the following Exhibits:

A – List of State Administrators and Agents for Service of Process
B – Franchise Agreement
C – Form of General Release
D – State Specific Addenda
E – Financial Statements
F – Sample Termination and Release Agreement
G – Operations Manual Table of Contents
H – List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year
I – Franchisee Questionnaire
J – State Effective Dates
K – Receipt

The franchise seller(s) for this offering is/are as follows:
Darlene Viering and Marla Mock, 4801 Spring Valley Road, Suite 103A, Farmers Branch, Texas 75244; (480) 854-2782, and the following persons (if applicable): ______________________

If an Individual:	If a Business Entity:
By: ______________________	Name: ______________________
Name: ______________________	Title: ______________________
Date: ______________________	Name of Entity: ______________________
Telephone Number: ______________	Address: ______________________

RECEIPTS (YOUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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If an Individual:

By: ____________________

Name: ____________________

Date: ____________________

Telephone Number: ____________________

If a Business Entity:

Name: ____________________

Title: ____________________

Name of Entity: ____________________

Address: ____________________