

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽²⁾	\$40,000	See Item 5	See Item 5	Us
Vehicles, Equipment and Fixtures ⁽³⁾	\$5,924	As Agreed	As Incurred	Us or Outside Suppliers
Technology Equipment and Software ⁽⁴⁾	\$3,729	As Agreed	As Incurred	Us and Outside Suppliers
Opening Inventory and Supplies	\$2,400	As Agreed	As Incurred	Us, our Affiliate or Outside Suppliers
Initial Marketing Campaign Fee	\$25,000	As Agreed	See Item 5	Us or our Affiliate
Initial Property Data Fee ⁽⁵⁾	\$14,145	Lump Sum	At Training	Us or our Affiliate
Training Expenses	\$1,077	As Incurred	As Incurred	Outside Suppliers
3 Months' Rent ⁽⁶⁾	N/A	N/A	N/A	N/A
Miscellaneous Opening Costs	\$2,000	As Incurred	As Incurred	Third Parties
Additional Funds - 3 months ⁽⁷⁾	\$15,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT⁽⁸⁾	\$109,275			

Explanatory Notes

(1) Except where noted, these expenditures are non-refundable.

(2) As described in Item 5, you must pay an initial franchise fee of \$40,000 for a geographic territory containing up to 60,000 SFDUs. If you wish to obtain a geographic territory of more than 60,000 SFDUs, and we approve, you must pay us an additional fee of \$0.50 for each SFDU over 60,000 SFDUs. \$25,000 of the initial franchise fee is due when you sign the Franchise Agreement, and the remainder is due before training. If you elect, and are eligible, to participate in the Green Associate Program, you will pay a reduced initial franchise fee of \$25,000. As discussed in Item 10, we provide financing for part of the initial franchise fee. If you elect, and are eligible, to participate in Spring-Green Financing for the initial franchise fee, you will make a down payment of \$25,000 of the initial franchise fee (or \$15,000 if you also qualify for and participate in the Green Associate Program) upon your signing the Franchise Agreement. The remaining balance of the initial franchise fee is typically financed over 5 years. The initial franchise fee is non-refundable unless you attend training, but do not complete to our satisfaction. (See Item 5.)

(3) This estimate includes the purchase of a production vehicle and leasing other equipment. A production vehicle can be purchased from a third party with \$0 down and payments over 5 years. The estimated cost for a production vehicle is \$31,726. Because our

franchisees typically lease their equipment, these amounts include the 20% down payment due under the Spring-Green Lease. (See Item 10) The initial lease payment will vary based on the circumstances. We have included the remaining lease payments that would be due during your first 3 months of operation in “Additional Funds.” This includes the monthly rental payments due under the Spring-Green Lease. (See Item 10) Your initial costs will increase if you purchase these items.

If you elect to purchase, rather than lease, the lawn and tree care equipment, we estimate the cost to be approximately \$29,622.

(4) Because our franchisees typically lease most of their computer hardware and software, these amounts represent the initial lease payment for those items that can be leased. This includes the 20% down payment due for the Operating Software under the Spring-Green Lease. (See Item 10) Other computer hardware and software that cannot be leased through the Spring-Green Lease can typically be leased through our suppliers for \$0 down. (See Item 11) However, the initial lease payment under any lease will vary based on the circumstances. We have included the remaining lease payments that would be due during your first 3 months of operation in “Additional Funds.” This includes the monthly rental payments due under the Spring-Green Lease and other supplier lease. (See Item 10) Your initial costs will increase if you purchase these items. In addition, this amount also includes the purchase of a smartphone, which we anticipate to be \$150, a tablet device which we anticipate to be \$500, the first year of service of an approved cloud-based computer backup solution, which is currently \$69 per year (which will vary depending on your actual backup storage needs), and \$235 for the purchase of QuickBooks Pro 2018. These items currently cannot be leased through us or any of our suppliers. You will also have to purchase a data plan for your smartphone and tablet device from a service provider, which will require you to enter into a service contract with the service provider. The cost of the data plan varies by service provider, but we estimate that it will cost approximately \$60 per month.

If you elect to purchase, rather than lease, the computer hardware and software, we estimate that the total cost of purchasing all required computer hardware and software will be \$8,129, which includes the \$150 cost for the smartphone, the \$500 cost for the tablet device, the \$69 for the first year of the cloud-based computer backup solution, the \$5,575 cost of purchasing the Operating Software, and \$1,600 for the cost of purchasing other required computer hardware and software (detailed in Item 11). This amount reflects the purchase of inventory and supplies before taxes and applicable delivery charges.

(5) You must pay us, or our affiliate, a fee for our affiliate, SGE, to collect property data relevant for marketing within your Territory. The fee will depend on the size of your Territory and the number of SFDUs within your Territory, but we require that at least 50% of the SFDUs in your Territory be measured. You will pay us, or our affiliate, the then-current fee (currently \$0.45 per SFDU) for each SFDU that they measure in your Territory and SGE will deliver the property data to you. The property data will also include subdivision data relevant for marketing within your Territory. You will pay us, or our affiliate, the then-current fee (currently \$0.01 per SFDU) for this additional subset of subdivision data. Based on a minimum measurement threshold of 50% of the SFDUs measured in your Territory and a maximum Territory size of 60,000 SFDUs, we estimate the fee to be up to \$14,145 for a new Territory. The

initial property data fee is non-refundable unless you attend training, but do not complete to our satisfaction. (See Item 5.)

(6) We anticipate that you will operate a Franchised Business from a personal residence. This initial investment table does not reflect the potential cost of renting office or warehouse space, or the costs for any deposits for various utilities such as gas, electricity, sewer, water, telephone and garbage disposal, that you may need to make if you elect to rent office or warehouse space. If you participate in the Green Associate Program, you may already be renting office or warehouse space in connection with your existing Green Industry business and any lease payments and costs associated with the renting of that office are not reflected in this initial investment table.

(7) During the initial phase of your operation, which we estimate to be 3 months, you will need capital to support ongoing expenses such as payroll (excluding your salary and draws), supplies, insurance, royalties, and advertising and lease payments to the extent these costs are not covered by the gross sales of the Franchised Business. Your working capital needs may vary widely from the working capital needs of other franchisees. Your costs will depend on factors such as the time of year you commence operations, how well you follow our methods and procedures, your management skill, your experience and business acumen, the local market for our services, the prevailing wage rate in your area, competition, and the sales level reached during your initial phase of operation. It is expected that new businesses will usually generate negative cash flow. There is no assurance that you will not need additional working capital. These amounts do not include funds necessary for your personal living expenses. Estimated payments for debt service are not included. We relied on our over 40 years of experience in this business to compile these estimates and on information we have obtained from our franchisees. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

(8) Except for the ALC Financing (defined in Item 10), equipment lease and initial franchise fee financing described in Item 10, we do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. This estimate does not include any finance charge, taxes, interest, or debt service obligation.