

and specifications. If we elect to service such customers in these instances, you must reimburse us for all costs we incur in connection with the services we perform.

- 13/ If you participate in our Flex Start Program, you will not be required to pay royalties or advertising fund contributions until the expiration of the Royalty Exempt Period.
- 14/ The marketing materials, forms, supplies, reports, and other items used in the operation of the Franchised Business will be supplied by SGE. You will pay SGE for such materials.

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⁾	\$25,000 to \$40,000	See Item 5	See Item 5	Us
Production Vehicles, Equipment and Fixtures ⁽³⁾	\$4,849	As Agreed	As Incurred	Us or Outside Suppliers
Technology Equipment and Software ⁽⁴⁾	\$2,400	As Agreed	As Incurred	Us or Outside Suppliers
Opening Inventory and Supplies	\$2,233	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⁾	\$13,500	Lump Sum	At Training	Us or our Affiliate
Training Expenses ⁽⁶⁾	\$0 to \$1,850	As Incurred	As Incurred	Outside Suppliers
3 Months' Rent ⁽⁷⁾	N/A	N/A	N/A	N/A
Miscellaneous Opening Costs (incl. licenses, insurance, and other prepaid expenses)	\$1,350 to \$2,850	As Incurred	As Incurred	Third Parties
Additional Funds - 3 months ⁽⁸⁾	\$8,000 to \$12,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT ⁽⁹⁾	\$82,332 to \$104,682			

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. However, if you elect, and are eligible, to participate in the Green Associate Program, you will pay a reduced initial franchise fee of \$25,000 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, depending on your creditworthiness. The estimated cost for a production vehicle is \$34,761. 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 care equipment, we estimate the cost to be approximately \$24,247.

(4) We estimate that the total cost of purchasing all required computer hardware and software necessary to begin operating the Franchised Business will be \$2,400, which includes \$500 to purchase a smartphone, \$450 to purchase a tablet, and \$1,450 for the cost of purchasing a computer and printer. Though not required, some franchisees choose to purchase the computer and printer from us. Instead of purchasing the computer, you may choose to lease the required computer from a third party, which we estimate to cost approximately \$71 per month for the computer and associated hardware.

The amounts shown in the table do not include taxes and applicable delivery charges. In addition to your smartphone and tablet device, you must purchase a data plan for your smartphone and tablet from a service provider.

(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 before the start of your first lawn care season. 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. 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 \$13,500 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) If we provide initial training virtually, such as through online video-conferencing software, we do not expect you to incur any travel-related expenses. If we provide initial training in person, we estimate you will incur travel and living costs for sending your trainees to in-person training in the range of \$1,215 to \$1,850.

(7) You may operate a Franchised Business from locations within the Territory that we have approved, which may include a personal residence, office, or a commercial space. This initial investment table does not reflect the potential cost of renting office or commercial 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 commercial space. If you participate in the Green Associate Program, you may already be renting office or commercial 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.

(8) 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, gas and maintenance for your service vehicles, one-time and monthly third-party software fees, smartphone and tablet data plan, 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.

(9) 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.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You must operate the Franchised Business in compliance with all mandatory specifications, standards and operating procedures relating to the operation of Franchised