

2026 GAIN SHARE GUIDE

Creative Roots Landscaping uses an Open-Book Management operating system where the company shares business and financial information with employees, so everyone is informed about our business and its financial goals. But the open book system goes beyond just sharing business finances. It's a whole different way of running a company. We not only share business information with everyone in the company, but we also teach business in a way that is straightforward and unintimidating using the analogy of a game. This allows us to demystify business. After all, business has all the elements of a game – rules, a scorecard, a reward for winning or the risk of loss.

As a Creative Roots Landscaping employee, you will be properly equipped with the general business and financial knowledge you need to participate in company discussions. We are not asking you to memorize accounting processes, we simply want you to understand how everything you do impacts the business. And you will be given the power to act on that knowledge.

You will also learn about the company's Critical Number- the number that defines winning for the company. We follow the Critical Number all year long during the company's All-Team Huddles. We use these meetings to communicate the current score and discuss what we can do to move the score in a positive direction. Ultimately, if we reach or exceed our Critical Number, we Win... and we all get to share in the rewards.

In the analogy of a Game .. Our Company –

1. Informs and educates employees about the business. (Know & Teach the Rules)
2. Empowers them to use that knowledge to make better business decisions. (Follow the Action & Keep Score)
3. Engages employees in driving business results by rewarding them for their contributions. (Provide a Stake in the Outcome)

The goal of the game is to create long-term business success for the company AND long-term personal success for the employee. We believe that when employees are encouraged to think, act, and feel like owners – everybody wins.

Providing a Stake in the Outcome

We are excited to offer an opportunity for all team members to earn a significant stake in the outcome, in the form of a cash bonus based on our ability to improve the financial success of the company.

The Critical Number(s)

Each year the company selects one to three Critical Numbers. The Critical Numbers each define winning for the company. They represent what is most important and critical to the success of the company for any given time.

Critical Number(s) can be explained as the **THING(S)** that at any given time, are going to have the greatest impact on the business. These could be cost of labour, overhead expenses, debt repayment, retaining employees, customer satisfaction or employee engagement, etc.

They are:

- We must be profitable. Profit is the engine that lets us achieve our goals.
- We must have engaged employees and satisfied customers
- We must not take on too much debt at the wrong time
- We must pay down our debt when it makes sense to

We boil this down to 1-3 main **THING(S)** that clearly define winning in the next 12 months.

Why is it important?

By deciding as a team what a "win" for the entire company looks like (the vision) and what the most critical **THINGS** are to achieving that vision, we are able to put together a **GAME PLAN** - a road map, a scoreboard, a critical path, a goal - whatever you like to call it. This **GAME PLAN**:

- Provides a **FOCUS** around what's most important and critical to winning our game for the next 12 months
- Rallies everyone around **COMMON GOALS**
- Educates everyone on the business and how they can **MAKE A DIFFERENCE**

- Provides a starting point for our Gain Share Plan

Creative Roots 2026 Critical Number: People - Player Growth

Player Growth is measured by an 85% score achieved through two components:

1. **Development Task Completion:** Tasks must be completed on time.
2. **Supervisory Assessments:** Assessments are based on your role's performance metrics across four key areas: Financial, Market/Client, Operational, and People.

We will use Financial and Nonfinancial Scoreboards to track, measure and report the status of our Critical numbers all year long during our All-Team Huddles.

How does the Gain Share Plan work?

There are 2 criteria that influence your bonus. 1) **Net Profit** and 2) **Written Disciplinary actions**.

1. **100% of your potential profit Gain Share Pool is earned based on Company Wide Net Profit before taxes.** Our 2026 plan for **Net Profit is \$342,254**. The minimum **Net Profit** the company must retain to maintain the financial security and long-term value creation for the business is **\$434,710**. This is referred to as our Threshold. When we exceed the threshold of **\$434,710 in Net Profit**, the bonus pool is created and will be shared with all employees.
2. **If an employee receives a written disciplinary action, the 100% of potential profit Gain Share will be reduced by 10% for each offense. Gain Share will be reset at the start of each year. However the written disciplinary actions will carry forward into the next year. Three write-ups results in termination.**

A Gain Share Plan is a team-based, self-funded bonus program where a cash bonus is distributed to all employees based on the improvement (gain) we achieve in our **Net Profit and People Development**.

Distribution of the Bonus Pool : The Bonus Pool will be allocated as a percentage of total wages, determined by the level of Net Profit achieved above our threshold. See chart below.

CRITICAL NUMBER: Net Profit						
LEVEL	Q1 TARGET	Q2 TARGET	Q3 TARGET	Q4 TARGET	BONUS POOL	ADDITIONAL % OF PAY
2025 PLAN	(71,271)	197,971	452,381	547,329	66,063	3.00%
2025 ACTUAL	(89,300)	129,760	366,900	671,700	87,929	4.50%
2026 Plan	(122,717)	106,701	310,959	342,254	-	0.00%
1	(141,627)	164,007	459,044	505,913	29,310	1.50%
2	(127,386)	192,489	523,127	577,117	58,619	3.00%
3	(113,145)	220,970	587,210	648,321	87,929	4.50%
4	(98,905)	249,452	651,294	719,524	117,238	6.00%
5	(84,664)	277,933	715,377	790,728	146,548	7.50%
6	(70,423)	306,414	779,460	861,932	175,858	9.00%
7	(56,182)	334,896	843,544	933,135	205,167	10.50%
8	(41,942)	363,377	907,627	1,004,339	234,477	12.00%
9	(27,701)	391,859	971,710	1,075,543	263,787	13.50%
10	(13,460)	420,340	1,035,793	1,146,746	293,096	15.00%

3. **Gain Share is divided into four quarters.** It is divided this way to protect the company from paying out too much gain share before the game is over. See below for an example of how it is calculated.

100% Gain Share is divided as follows:

Q1 = 0 % (Jan - Mar)

Q2 = 15% (Apr - Jun); Cumulative Payout 15%

Q3 = 30% (Jul - Sep); Cumulative Payout 45%

Q4 = 55% (Oct - Dec); Cumulative Payout 100%

At the end of the day, there is only one gain share, it is whatever level we hit in Q4, we just choose to pay it out throughout the season. Please keep this in mind during the following example.

Here is How to Calculate Gain Share if we hit Level 7(out of 10 possible)

Newman is eligible for a maximum 15% of his gross earnings at level 10 in Q4.

His cumulative earnings each quarter are as follows: Q1 - \$3,500 Q2 - \$15,000 Q3 - \$20,000 Q4 - \$32,680

In Q1 there is 0% gain share payout

In Q2 the company hit Level 2 which equates to 3.0% gain share of Newman's gross earnings. As of June 30th Newman has made \$15,000. As the gain share percentage is cumulative (Q1 0 % + Q2 15 %) Newman is eligible for 15% of his total gain share to date. Therefore 3.0% of \$15,000 equals \$450 gain share, but because this is Q2, he only gets 15 % of that equaling \$67.50

In Q3 the company hit level 8 which equates to 12% gain share of Newman's gross earnings. As of Sept. 30th Newman has made \$20,000. As the gain share percentage is cumulative (Q1 0 % + Q2 15 % + Q3 30 %) Newman is eligible for 45% of his total gain share to date minus what he has already been paid. Therefore 12% of \$20,000 equals \$2400 gain share, but because this is Q3, he gets 45% of that equaling \$1080 less the \$67.50, already paid out, equaling \$1012.50

In Q4 the company hit level 7 which equates to 10.5% gain share of Newman's gross earnings. As of Nov. 30th Newman has made \$32,680. As the gain share percentage is cumulative (Q1 0% + Q2 15% + Q3 30% + Q4 55%) Newman is eligible for 100% of his total gain share to date minus what he has already been paid. Therefore 10.5% equals \$3431.40 gain share, and this is Q4, so he gets 100% of that \$3431.40 less the \$67.50 and 1012.50, already paid out, so he gets \$2351.40

4. Gain Share Payout Schedule and Qualification Criteria:

a. New and returning employees:

- i. Qualify as soon as they are hired or rehired at a prorated rate. Staff hired mid or late season or leave for more than a month in season - deduct 10% total for each month after March that they missed. Example: November start is 30% of the 100% eligible - April through October is 7 months for 70% deduction.
- ii. Returning employees will maintain the level they had the previous year unless they are promoted to a management position.
- b. Q2 - Q3 Payout will be made within 30 days of the end of the quarter.
- c. Must be employed at the time of payout for Q2 - Q3 and employed until the last workable day, or December 1st, whichever is first, for Q4 payout.
- d. If the opportunity exists to work beyond December 1st, those who choose to will be eligible for gain share based on financials until that time work ceases or December 31st whichever is first.
- e. Because of the seasonality of the business the Q4 gain share payout will be paid within 10 days after the final workable day. At that time the exact Revenue will be known and a best guess as to the final expenses to the end of the year will be done and agreed upon by the Shareholders. If for some reason there is a return to work after that, the Revenue and Expenses will not be considered part of the current season and will stay with the Company.

Cash Considerations Regular cash bonus payouts impact available funds for hiring new team members, investing in capital, and supporting growth. As cash is a limited resource, careful management is essential. If the executive team decides to defer bonus distributions, the earned bonus will be paid at a later date when our cash position and ability to meet short-term financial obligations are favorable.

In Conclusion: We take pride and express gratitude for assembling an exceptional team. We have confidence in your capabilities. Regarding the gain share plan and the shared stake in the outcomes, our primary goal is to assist you in maximizing your opportunities. As you receive these bonus checks, recognizing that your hard work, dedication, and smart business decisions are being rewarded. Let's work together to make this year a huge success!