

FRANCHISE DISCLOSURE DOCUMENT

PURAIR Franchising LLC
A Delaware limited liability company
201-1475 Ellis Street
Kelowna, BC V1Y 2A3, Canada
(800) 986-0364
customerservice@modernpurair.com
www.modernpurair.com



As a “Modern PURAIR” franchisee, you will operate a business offering full-service indoor air quality services under our Marks and System to both residential and commercial customers within one or more Territories.

The total initial investment necessary to begin operation of a Modern PURAIR franchise with one Territory is \$206,930 to \$368,500. This includes \$117,000 that must be paid to the franchisor or affiliates. The total initial investment necessary to begin operation of a Modern PURAIR franchise with two to five Territories is \$256,930 to \$508,500. This includes \$167,000 to \$257,000 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, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Lane Martin, PURAIR Franchising LLC at 201-1475 Ellis Street, Kelowna, British Columbia V1Y 2A3 Canada and at (800) 986-0364.

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

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

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

Issuance date: May 12, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchises. You can find their names and contact information in Item 20 or Exhibit F.
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 D 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 Modern PURAIR business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Modern PURAIR franchisee?	Item 20 or Exhibit F 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 this 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 arbitration and/or litigation only in Delaware. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Delaware than in your own state.
2. **Minimum Payments.** You must make minimum royalty or advertising payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices 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.

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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 a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection 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 term 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 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 under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration 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 sub-franchisor.
- (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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT 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:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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EXHIBITS

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement
- C. Form of General Release
- D. Financial Statements
- E. Manual Table of Contents
- F. Current and Former Franchisees
- G. State Addenda to Disclosure Document
- H. State Addenda to Franchise Agreement

State Effective Dates

Receipts (2 copies)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” or “our” refers to PURAIR Franchising LLC. “You” means the person to whom we grant a Modern PURAIR franchise (the “Franchised Business”). If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Our name is PURAIR Franchising LLC. We are a Delaware limited liability company formed on April 18, 2024. Our principal business address is 201-1475 Ellis Street, Kelowna, British Columbia V1Y 2A3 Canada. We have offered franchises since the issuance of this Disclosure Document. We do not have any predecessors. Our agents for service of process are disclosed in Exhibit A.

We are wholly owned by PURAIR Holdings LLC (our “Parent”). Our Parent is a Delaware limited liability company formed on April 11, 2024, and it shares the same principal business address as us. Our Parent has not offered franchises in any line of business and does not offer products or services to our franchisees.

Our Parent is wholly owned by Modern PURAIR Inc. (our “Canadian Parent”). Our Canadian Parent is a corporation formed under the laws of British Columbia, Canada on May 7, 2007, and it shares the same principal business address as us. Our Canadian Parent owns our trademarks and licenses them to us (as explained in Item 13 of this Disclosure Document). Our Canadian Parent has also offered franchises in Canada for Modern PURAIR businesses similar to those offered in this disclosure document since January 2008. As of the issuance date of this Disclosure Document, there are 22 franchised Modern PURAIR businesses in Canada.

Our Canadian Parent is wholly owned by PURAIR Realty Inc. (our “Ultimate Parent”). Our Ultimate Parent is a corporation formed under the laws of British Columbia, Canada on September 1, 2020, and it shares the same principal business address as us. Our Ultimate Parent leases certain equipment to Modern PURAIR franchisees in Canada and the United States.

Except as noted above, we have no predecessor or parent, and no affiliates that offer franchises in any line of business or provide products or services to franchisees.

Information About Our Business and the Franchises Offered

We (that is, PURAIR Franchising LLC) do not operate businesses of the type being franchised. Our Founder, Lane Martin, has experience operating the type of business franchised under this Disclosure Document, which is described in Item 2. We do not have any other business activities. We have not offered franchises in other lines of business. If you sign a franchise agreement with us, you will develop and operate a Modern PURAIR business that will be focused on offering full service indoor air quality services, including furnace and air duct cleaning, indoor air quality testing, coil cleaning, dryer vent cleaning, air purification equipment and filter maintenance programs (the “Services”), through the use of approved vehicles (“Vehicles”) to

residential and commercial customers using a system that we may periodically update, substitute, amend, or modify (the “System”). Modern PURAIR businesses operate under the trade name and mark “Modern PURAIR” and additional service marks, trademarks, trade names, logos, emblems, and indicia of origin. These marks and all other marks that we may designate in the future for use with the System are referred to in this Disclosure Document as the “Marks” or “Proprietary Marks.”

Modern PURAIR businesses are established and operated under our comprehensive System that includes (among other things): unique methods and procedures, specially designed Services, methods of operation, management and accounting programs, standards, specifications, proprietary marks, including the Proprietary Marks, and other information; all of which we have the right to change, improve, and further develop as we see fit. You must operate your Modern PURAIR business (the “Franchised Business”) in accordance with our standards and procedures, as set out in our confidential operations and brand standards manual and other written instructions relating to the operation of a Modern PURAIR business (the “Manual”), which we will lend you, or make available electronically, for the duration of the Franchise Agreement.

We also offer, to qualified franchisees, the opportunity to develop multiple Territories under the same Franchised Business. To be eligible to develop multiple Territories, you must agree to open between a minimum of two (2) Territories and a maximum of ten (10) Territories. If you qualify to develop your Franchised Business within multiple Territories, you will not sign a Multi-Unit Development Agreement or Area Development Agreement because you will operate one business across multiple Territories covering a total larger geographic area. The franchise agreement will indicate the number of Territories you have the right to develop. See Item 12 for more information about the structure of a Franchised Business with multiple territories.

You can expect to compete in your Territory or Territories with local, regional and national businesses that offer furnace and air duct cleaning, air quality testing, and related services that are similar to or competitive with those offered by a Modern PURAIR business. The market for these services in the United States is well established. These businesses compete on the basis of factors such as services offered, location, price, responsiveness, convenience and quality. These businesses are often affected by other factors as well, such as changes in economic conditions, environmental conditions, and population fluctuation.

Laws and Regulations

Many of the laws, rules and regulations that apply to business generally have particular applicability to Modern PURAIR businesses. All Modern PURAIR businesses must comply with federal, state, and local laws applicable to the operation and licensing of a Modern PURAIR business, including obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate furnace, air duct, HVAC, dryer vent, and related servicing operations, as well as the operation of Vehicles in connection with providing those services. You should consult with your own lawyer and consider these laws and regulations when evaluating your purchase of a franchise.

You also must follow the Payment Card Industry Data Security Standards and comply with applicable data and privacy laws relating to customer payment card transactions.

You must comply with all local, state, and federal laws that apply to your Franchised Business operations, including, for example, health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. There are also regulations that pertain to handling consumer data, sanitation, residential visitation, and healthcare. You will be required to comply with all federal, state, and local laws and regulations that apply to the operation of your Franchised Business.

In some states, you will have to obtain and maintain a general contractor's license to provide the services under the System. Some states may require a specialty contractor license. While qualifications for such licenses vary from state to state, you may also have to pass a knowledge test and background test and obtain insurance and a bond. There are many federal, state and local regulations specific to the operation of a roofing and construction business.

Item 2 **BUSINESS EXPERIENCE**

Lane Martin, Founder and Chief Executive Officer

Lane Martin has been our Founder and Chief Executive Officer since our inception. Mr. Martin has served as the Founder and Chief Executive Officer of our Parent since April 2024, our Canadian Parent since May 2007, and our Ultimate Parent since September 2020. Mr. Martin was the Founder of Modern Furnace & Air Duct Cleaning Ltd., which operated the business upon which the Modern PURAIR System is based, from May 2001 until its sale in August 2020 in Kelowna, British Columbia.

John McMillan, Chief Operating Officer

John McMillan has served as our Chief Operating Officer since our inception. Mr. McMillan has also served as the Chief Operating Officer of our Canadian Parent since October 2024. From December 2022 to September 2024, he served as the Chief Revenue Officer of our Canadian Parent. From June 2018 to November 2022, Mr. McMillan served as the President of Slimline Manufacturing in Penticton, British Columbia, Canada.

Justin Catt, Sales Center Manager

Justin Catt has served as our Sales Center Manager since our inception. Mr. Catt has also served as the Sales Center Manager of our Canadian Parent since November 2022. He has also served as a shareholder of Dr. Elisabeth Catt Inc. in Kelowna, British Columbia, Canada since November 2019.

Item 3 **LITIGATION**

Modern PURAIR Inc. et al ats 2313636 Alberta Ltd. – Court of King's Bench of Alberta
File No. 2312 00117. On March 23, 2023, a Canadian Modern PURAIR franchisee in the City of Leduc, Alberta, Canada, commenced an action against our Canadian Parent and Lane Martin seeking damages in the amount of \$200,000 arising from alleged breaches of contract and alleged misrepresentations concerning, among other things, use of advertising funds, the Canadian Parent's support in operating the business, purchase prices for inventory, leased equipment,

profitability, customer base in the franchisee's territory, litigation disclosure, and charitable donations. The claim also seeks a declaration that the defendants have been unjustly enriched, that the franchise agreement is in breach of the Alberta Franchises Act, the rescission and/or termination of the franchise agreement, an accounting of certain funds collected by the Canadian Parent, punitive damages in the amount of \$50,000, and special damages in an amount to be calculated prior to trial. The claim further seeks an order permitting the plaintiffs to certify a class action against the Canadian Parent. The Canadian Parent believes the claim to be entirely without merit and intends to vigorously defend the claim, in addition to asserting a counterclaim arising from the franchisee's abandonment of the franchise and breach of the duty of good faith and fair dealing, and defamation.

Modern PURAIR Inc. et al v 2406510 Alberta Inc. and Andrew Ardianto – Court of King's Bench of Alberta File No. 2401 07260 / VanIAC file No. 2691-DCA-EP. On May 24, 2024, a former Canadian Modern PURAIR franchisee in the City of Medicine Hat, Alberta commenced an action against our Canadian Parent, PLI, and Lane Martin, seeking damages in the amount of \$250,000 arising from alleged breaches of contract and alleged misrepresentations in the disclosure provided to the franchisee. The claim also alleges a misappropriation of funds arising from preauthorized withdrawals for amounts owing by the franchisee which were withdrawn after the franchisee purported to terminate their agreement. After initially filing a Notice of Action in the Alberta Court of King's Bench, the plaintiffs agreed to stay the action in favor of arbitration and have filed a notice to arbitrate on May 27, 2024. The Canadian Parent believes the claim to be entirely without merit and intends to vigorously defend the claim. The Canadian Parent has filed a defense and a counterclaim in the arbitration seeking approximately \$250,000 in damages arising from the franchisee's abandonment of the franchise.

Other than the above, 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

When you sign your Franchise Agreement, you must pay us an initial franchise fee (the "Initial Franchise Fee"). Your Initial Franchise Fee will be \$60,000 for a single Territory containing approximately 250,000 people plus \$0.20 per person above 250,000. If we grant you the opportunity to purchase multiple Territories, your Initial Franchise Fee will be based on the number of Territories you purchase according to the chart below. Each Territory will contain approximately 250,000 people per recently issued U.S. Census data. If the approximate population of your Territory or Territories exceeds the population corresponding to the number of Territories you are purchasing, you will pay us \$0.20 per person above the applicable population. The column

on the right of the chart below shows the discounted Initial Franchise Fee per Territory when you purchase multiple Territories.

Number of Territories	Approximate Total Population	Initial Franchise Fee	Initial Franchise Fee (Per Territory)
1	250,000	\$60,000	\$60,000
2	500,000	\$110,000	\$55,000
3	750,000	\$150,000	\$50,000
4	1,000,000	\$180,000	\$45,000
5	1,250,000	\$200,000	\$40,000

If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement with no refund due to you.

Onsite Initial Training Fee

When you sign the Franchise Agreement, you will pay us an initial training fee of \$5,000 (“Onsite Initial Training Fee”), which covers our onsite training and assistance during the opening of your Franchised Business.

Business Launch Fee

Prior to attending Initial Training, you will pay us a business launch fee of \$40,000 (“Business Launch Fee”), which covers six (6) months of prepaid marketing, Digital Marketing Management Fees, ad spend, and associated costs for our quick start program, which includes both digital and grassroots marketing.

Sales Center Platform Fee

When you sign the Franchise Agreement, you will pay us a sales center platform fee of \$5,000 (“Sales Center Platform Fee”), which covers the activation of certain items related to the Sales Center that are required to be used in your business. The Sales Center Platform Fee is deemed fully earned upon payment and is not refundable under any circumstances.

Grand Opening Project Management Fee

When you sign the Franchise Agreement, you will pay us a grand opening project management fee of \$5,000 (“Grand Opening Project Management Fee”), which covers our assistance in connection with the various pre-opening obligations you will be required to undertake from the time you sign the Franchise Agreement through the date you have your grand opening.

Technology Fee

One month prior to opening the Franchised Business, you will begin paying us a technology fee, which is currently \$500 per month (“Technology Fee”), and which covers your access to

Modern PURAIR VONIGO software, iAuditor, Trainual, Office 365, and other software subscriptions. You will continue paying us or our designated supplier(s) the Technology Fee every month during the term of the Franchise Agreement.

Refunds

Except as stated above, all fees under this Item 5 are uniform, earned when received, and non-refundable under any circumstances.

Item 6 **OTHER FEES**

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Royalty Fee	7% of Gross Sales ² , subject to a Minimum Royalty Fee ³ per Territory beginning in the thirteenth (13 th) month of operation.	Semi-monthly	Your Royalty Fee will begin once your Franchised Business opens. We may require you to pay your Royalty Fee and other reoccurring amounts via electronic funds transfer (“EFT”) ⁵ . Your Minimum Royalty Fee will be based on the number of Territories you are awarded, and how long you have been in operation. See Note 3 for a chart detailing the Minimum Royalty Fee obligations. Please see Note 2 for the definition of “Gross Sales.”
Brand Fund Contribution	1% of Gross Sales.	Semi-monthly	We have established and administer a brand development Fund to promote and otherwise develop the System, Marks and brand generally, as we determine appropriate in our discretion.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Local Advertising Requirement (or “LAR”)	A minimum amount equal to five percent (5%) of the Gross Sales generated by the Franchised Business over the preceding month	Monthly	<p>Your LAR is the minimum amount you must expend on the promotion, marketing and advertising of your Franchised Business within your Territory or Territories. We recommend that you spend 8% to 13% of your Gross Sales on local advertising.</p> <p>Please be advised that we may designate an affiliate, ourselves or other third party as an Approved Vendor for your LAR. Upon written notice, we may require you to provide us with copies of all invoices and other documentation necessary to demonstrate you are expending the LAR each month in accordance with our then-current System directives.</p>
Technology Fee	Currently \$500 per month.	Monthly	<p>One month prior to opening the Franchised Business, you will begin paying us a Technology Fee, which is currently \$500 per month, and which covers your access to Modern PURAIR VONIGO software, iAuditor, Trainual, Office 365, and other software subscriptions. You will continue paying us or our Approved Vendors the Technology Fee every month during the term of the Franchise Agreement.</p>

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Regional Advertising Cooperative	Currently none, but no more than the Local Advertising Requirement if established.	As agreed.	We reserve the right to establish regional advertising cooperatives that are comprised of a geographical market area that contain two or more Businesses (whether a Franchised Business or Affiliate-owned) (each a “Cooperative”). If we assign your Franchised Business to a Cooperative we establish, you must work with the other Business owners in your Cooperative and us to develop and implement regional advertising campaigns designed to benefit all the Businesses within the geographical boundaries of the Cooperative. If you are designated as a member of a Cooperative, you may be required to contribute to the Cooperative in an amount not to exceed the then-current Local Advertising Requirement. All amounts paid to a Cooperative will be credited toward your Local Advertising Requirement. We have not established any Cooperatives as of the Issuance Date of this Disclosure Document.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Replacement/Additional Initial Training	Currently \$500 per attendee or trainer plus costs and expenses we incur if sending trainer(s) to the Franchised Business	Prior to such training and upon receiving our invoice	If you send a manager or other employee to our training program after you open, or if we send a trainer to your Franchised Business for additional training, we will charge our then-current training fee, which is currently \$500 per attendee for training at our headquarters or \$500 per trainer that we send to the Franchised Business, and you will reimburse us for all costs and expenses associated with sending the trainer(s) to your Franchised Business, if applicable.
Sales Center Fee	6% of Gross Sales, subject to a minimum of \$1,000 per month beginning in the thirteenth (13 th) month after the opening of the Franchised Business	Semi-monthly once the Franchised Business opens	We have established a “Sales Center” that receives inbound calls from customers, provides quotes for residential (not commercial) jobs, and schedules jobs. Once a franchisee has established a database and a customer reactivation strategy, the Sales Center can also provide outbound calls. Franchisees can send Preventative Maintenance Agreements with customers to the Sales Center for scheduling and follow-ups. All sales invoices and collections are handled by franchisees and not by the Sales Center.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Digital Marketing Management Fee	The then-current fee; currently \$1,000 per month.	Monthly, beginning in the seventh (7 th) month after the Franchised Business opens.	Throughout the term of the Franchise Agreement, you will pay us or our designated supplier a digital marketing management fee, which is currently \$1,000 per month (“Digital Marketing Management Fee”), and which covers management of your digital advertising. This does not include the actual advertising spend that you will pay to third parties like Google, Meta, etc. The first six (6) months of the Digital Marketing Management Fee are included in the Business Launch Fee (see Item 5). We, or an affiliate of ours, may provide these services to you in the future, and you would then pay the Digital Marketing Management Fee to us or our affiliate.
Non-compliance Fee	\$1,000 per occurrence \$250 per week not cured after 30 days' notice	On demand	We may charge you \$1,000 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	<p>We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, email services, mystery shopping, marketing and print material, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together a reasonable markup or charge for administering the payment program.</p> <p>If we pay any amount that you owe or are required to pay to a third party, you must reimburse us and pay us a 10% administrative fee.</p> <p>If you fail to obtain or maintain required insurance coverage and we obtain insurance on your behalf, you must reimburse us and pay us a 10% administrative fee.</p>
Late Fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Insufficient funds Fee	\$80 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Breach of Territory Fee	The greater of (i) \$500 or (ii) 75% of the amount paid by the customer outside of your territory.	On demand	If you serve a customer outside of your territory without our prior written permission, we may impose this fee.
Special support fee	Our then-current fee, plus our expenses. Currently, \$500 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our actual cost		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our actual costs.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Records audit	Our actual cost plus \$1,000	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any month.
Special evaluation fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an in-person evaluation of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$10,000 per Territory	When transfer occurs	There are other conditions that you and the proposed transferee must meet in order for us to approve any proposed transfer/assignment. This fee is subject to state law.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Resale Fee	The greater of \$10,000 or 10% of the sale price	Payable upon closing on your proposed transfer.	In addition to the Transfer Fee, if we introduce a buyer to you and you sell, assign, or otherwise transfer to such buyer (i) some or all of your equity interests if you are an entity; (ii) some or all of the assets of the Franchised Business; or (iii) some or all of your rights under the Franchise Agreement, including the rights to one or more Territories; then you must pay us the greater of \$10,000 or ten percent (10%) of the sale price of the Franchised Business (the "Resale Fee"). You must pay us the Resale Fee on the date that you close on the transfer, and we may condition our consent to any applicable transfer on our receipt of the Resale Fee. This fee is subject to state law.
Renewal fee	\$10,000 per Territory	Payable prior to us approving your renewal request	There are other conditions that you must meet in order for us to grant your request to renew the franchise and other rights awarded under your Franchise Agreement or otherwise related to your Franchised Business.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), if you lose and we prevail, you must pay our attorney fees, court costs and other expenses.
Annual Convention Registration Fee	Our then-current registration fee that we charge in connection with any annual convention (“Annual Convention”) we determine to conduct Currently, we expect our conference registration fee to be \$2,000	As invoiced 120 days before the Annual Convention	We may schedule and hold an Annual Convention, as we deem advisable in our sole discretion, and require that you attend such conference. Currently, we expect to hold the Annual Convention in the first quarter of each year. If you do not attend the Annual Convention, we reserve the right to charge you a non-attendance fee amounting to the then-current registration fee. You will be responsible for the costs and expenses you incur in connection with any Annual Convention (lodging, travel, meals, etc.), and we reserve the right to charge you our then-current registration fee.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Regional Meetings	Not currently charged, but we reserve the right to charge our then-current attendance fees to attend meetings between you and other franchisees in the same geographic area (“Regional Meetings”).	Upon demand	If we establish Regional Meetings, your attendance will be mandatory, and you must pay the applicable attendance fees if you fail to attend the Regional Meetings. We reserve the right to charge our then-current attendance fee in connection with the Annual Convention and Regional Meetings. You will also be responsible for your costs/expenses associated with attending these meetings, including the employment costs of any employees you bring with you, lodging and travel.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Third-Party Training	The then-current Training Fees for Third-Party Training.	Upon demand	We may require you and your management personnel to attend a training program that is conducted by one or more of our Approved Vendors and designed to provide further instruction and training regarding the operation of the Franchised Business and provision of certain Approved Services (the “Third-Party Training”). If we require such Third-Party Training, you must pay the then-current Additional Training Fee, plus lodging and travel, for those that attend the Third-Party Training, and you will be responsible for the costs and expenses associated with you and any other required trainees to attend such training. We have the right to make this kind of Third-Party Training part of any Additional Training or Remedial Training that we may require.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your franchise to a third-party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges in addition to paying us the Transfer Fee.
Quarterly Audit Inspection	Our actual cost to complete the inspection plus \$1,000, if we audit your Business	On demand	We may inspect your franchise on a quarterly basis and may assess this audit inspection fee if you fail to meet the System Standards.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Non-Development Fee	\$2,500/month	Payable monthly for each month the Franchised Business is not opened past the first eight (8) months after the Franchise Agreement is executed.	Charged if Franchisee has not opened their Franchised Business within eight (8) months after signing the Franchise Agreement.
Management Fee	Up to 8% of the Gross Sales of your Franchised Business during the period of time we or our representative manages your Franchised Business on your behalf (the "Management Fee"), plus the costs and expenses we or our representative incur.	As incurred	The Management Fee will only be due to us if (a) you are in material default under your Franchise Agreement or become disable (and unable to perform as the "Franchisee" under your Franchise Agreement), and (b) we exercise our right to temporarily operate your Franchised Business in an effort to assist in getting the operations of the Franchised Business back into compliance with the Franchise Agreement and System standards.

Type of Fee ¹	Amount	Due Date ⁴	Remarks
Liquidated Damages	Varies	30 days after the Franchise Agreement is terminated	If we terminate the Franchise Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, then, in addition to all other amounts due under the Franchise Agreement and all other remedies available under the law, you must pay us, as liquidated damages, an amount calculated as follows: (a) the average of your monthly Royalty Fees and Brand Fund contributions due under the Franchise Agreement for the trailing 12 months (or, if you have been operating for less than 12 months, the average of your monthly Royalty Fees and Brand Fund contributions due for the number of months you have operated the Franchised Business); (b) multiplied by the lesser of 24 or the number of months then-remaining in the Franchise Agreement term.

Notes

1. All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the amounts given may increase due to changes in market conditions, our cost of providing services and future policy changes. At present, we have no plans to increase payments over which we have control. We expect that we will uniformly apply the fees described above to new System franchisees. However, in instances that we consider appropriate, we may waive some or all of these fees.

2. “Gross Sales” is defined in your franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

3. Beginning in the thirteenth (13th) month after you open the Franchised Business, your Royalty Fee will be subject to a minimum amount per month (the “Minimum Royalty Fee”). If the Royalty Fee you pay in any given month is less than the applicable Minimum Royalty Fee for that month, we may collect the difference from you in that month, in the next month, or at a later time. We may also, in our sole discretion, choose to “true-up” the Royalty Fee on a quarterly or annual basis by reviewing the Royalty Fees you paid over the preceding period of time and assessing any deficiency if you failed to pay the applicable Minimum Royalty Fee from that period of time. In that case, you will pay us the difference upon our request. Your Minimum Royalty Fee is per Territory that you are granted under the Franchise Agreement. The Minimum Royalty Fee is set forth in the table below:

Months after Opening the Franchised Business	Minimum Royalty Fee Per Territory Per Month
Months 1 to 12	No Minimum
Months 13 to 24	\$1,000
Months 25 to 36	\$1,500
Months 37 to 48	\$2,000
Months 49 to 60	\$2,500
Month 61 through the end of the Term	\$3,000

If you renew your Franchise Agreement for one or more additional renewal terms, your Minimum Royalty Fee during such renewal terms may be different, depending on our then-current form of Franchise Agreement, but it will be at least the highest level in the table above.

4. We reserve the right to change the interval at which we collect your Royalty Fee, Brand Fund contribution and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, we may collect these recurring fees on a monthly or weekly rather than on a semi-monthly basis.

5. Your Royalty Fee, as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Franchised Business (your “EFT Account”). You must provide us with the details of your EFT Account prior to opening the Franchised Business and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as Attachment 4 to our current form of Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – ONE TERRITORY

Type of expenditure	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Initial Franchise Fee ¹	\$60,000	\$60,000	Check or wire transfer	Upon signing the Franchise Agreement	Us
Business Launch Fee ²	\$40,000	\$40,000	Check or wire transfer	Prior to attending training	Us
Initial Vehicle/Equipment Initial Payment ³	\$24,000	\$136,000	As arranged	As incurred	Approved Vendors
Supplementary Equipment ⁴	\$4,000	\$8,000	As arranged	As incurred	Approved Vendors
Computer Hardware and Software ⁵	\$2,000	\$5,000	As arranged	As incurred	Approved Vendors
Sales Center Platform Fee ⁶	\$5,000	\$5,000	Check or wire transfer	Upon signing the Franchise Agreement	Us
Travel & Living Expenses While Attending Initial Training ⁷	\$1,930	\$3,500	As arranged	As incurred	Airlines, Hotels, Car Rental Co., Restaurants, etc.
Onsite Initial Training Fee	\$5,000	\$5,000	Check or wire transfer	Upon signing the Franchise Agreement	Us
Grand Opening Project Management Fee ⁸	\$5,000	\$5,000	Check or wire transfer	Upon signing the Franchise Agreement	Us
Licenses and Permits ⁹	\$1,000	\$3,000	As arranged	As incurred	Government
Insurance – First 3 Months ¹⁰	\$4,000	\$6,000	As arranged	As incurred	Insurance Companies
Employee/Contractor Recruitment ¹¹	\$0	\$15,000	As arranged	As arranged	Employees/ Contractors
Professional Fees ¹²	\$3,000	\$7,000	As arranged	As incurred	Your Attorney or Accountant
Technology Fee – First 4 Months ¹³	\$2,000	\$2,000	As arranged	Monthly, beginning one month before opening	Us
Miscellaneous Opening Expenses ¹⁴	\$5,000	\$8,000	As arranged	As incurred	Third-Party Vendors
Additional Funds – First 3 Months ¹⁵	\$45,000	\$60,000	As arranged	Varies	Employees, Third-Party Vendors

Type of expenditure	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Total ¹⁶	\$206,930	\$368,500			

Notes to Single Territory Table

1. Initial Franchise Fee: If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement with no refund.

2. Business Launch Fee: This covers six (6) months of prepaid marketing, Digital Marketing Management Fees, ad spend, and associated costs for our quick start program, which includes both digital and grassroots marketing.

3. Initial Vehicle/Equipment Initial Payment: Initially, you will be required to acquire and maintain one (1) Mercedes Sprinter Van, which must be upfitted according to our System standards. You must also acquire certain equipment and tools for use with this vehicle. We expect our franchisees to finance the purchase of this vehicle, including the upfitting, equipment and tools. The low end of this estimate assumes that you finance the purchase of the vehicle, reflecting an estimated down payment plus three months of monthly payments. The assumed loan would include the financing costs for the vehicle, itself, and the upfitting and fixtures and equipment for the vehicle. The high end of this estimate assumes that you purchase the vehicle outright. Loan terms and costs will vary based upon, amongst other things, the financing you are able to obtain based on your creditworthiness and other factors. This estimate does not factor any state and local taxes that may be applicable to your purchase and/or lease of the Mercedes Sprinter Van and equipment.

Note: If you purchase more than one (1) Territory, you will be required to purchase a second Mercedes Sprinter Van, upfitted according to our System standards, by the end of your twenty-fourth (24th) month of operation.

4. Supplementary Equipment: This includes supplementary equipment for your vehicle, including ladders, hoses, filters, rods, and hand tools, among other things.

5. Computer Hardware and Software: Currently, you must install and maintain an Apple computer system (MacBook Air or MacBook Pro) that is no more than 2 years old, according to our specifications, as listed in the Operations Manual. We currently only support Apple devices (including iPhones and iPads for mobile devices) and all franchisees must use Apple devices in connection with the operation of the Franchised Business. Devices must be no more than 2 years old when operations commence. iPads must be full size (iPad Minis are not supported). You will also need a 27-inch external monitor.

6. Sales Center Platform Fee: We have established a “Sales Center” that receives inbound calls from customers, provides quotes for residential (not commercial) jobs, and schedules jobs. Once a franchisee has established a database and a customer reactivation strategy, the Sales Center can also provide outbound calls. Franchisees can send Preventative Maintenance

Agreements with customers to the Sales Center for scheduling and follow-ups. All sales invoices and collections are handled by franchisees and not by the Sales Center. When you sign the Franchise Agreement, you must pay us a Sales Center Platform Fee which covers the activation of certain items related to the Sales Center that are required to be used in your business. The Sales Center Platform Fee is deemed fully earned upon payment and is not refundable under any circumstances

7. Travel & Living Expenses While Attending Initial Training: In addition to paying us the Onsite Initial Training Fee, which covers attendance for you, your owners (if you are an entity), and your Designated Manager, you are responsible for costs associated with training, including but not limited to transportation, lodging and food, if any such costs are incurred. You are required to travel to a location specified by us, which may be held at our corporate headquarters, at a Canadian franchise location in Kelowna, British Columbia, Canada, or at another training location we designate, to participate in training. We reserve the right to offer any portion of the Training Program virtually or remotely. This range is designed to cover the travel and living expenses, including lodging, airfare, and meals, which you will incur in attending the Training Program. The cost you incur will vary depending on factors such as distance traveled, mode of transportation, travel preferences, nature of accommodations, per diem expenses, and the number of persons who attend training. This does not account for any payroll costs you may incur for sending your Designated Manager to training.

8. Grand Opening Project Management Fee: When you sign the Franchise Agreement, you will pay us a Grand Opening Project Management Fee of \$5,000, which covers our assistance in connection with the various pre-opening obligations you will be required to undertake from the time you sign the Franchise Agreement through the date you have your grand opening.

9. Licenses and Permits: You are required to obtain all business licenses, permits, certificates or approvals before you start your business. Local, municipal, county, and state regulations vary on what licenses and permits are required by you to operate. You are solely responsible for researching all laws applicable to where your Franchised Business is operated to determine what licenses and permits are necessary.

10. Insurance: Your costs for insurance will vary depending on your market, the amount of coverage you select, your insurance carrier, and other factors. This is an estimate of insurance premiums for the initial three (3) months of business operation or, in the alternative, 25% of the annual premium if you choose to pay annually.

11. Employee/Contractor Recruitment: This is an optional cost that you may incur if you engage a supplier for assistance with hiring employees and contractors. We do not require you to engage a supplier for recruitment, but you may wish to engage such a supplier depending on the contractor and licensing requirements in the state(s) where your Franchised Business is located.

12. Professional Fees: This item includes an estimate of the cost to incorporate as an entity and initial consultations and engagement with an accountant and an attorney.

13. Technology Fee – First 3 Months: One month prior to opening the Franchised Business, you will begin paying us a technology fee of \$500 per month (“Technology Fee”), which

covers your access to Modern PURAIR VONIGO software, iAuditor, Trainual, Office 365, and other software subscriptions. You will continue paying us or our Approved Vendors the Technology Fee every month during the term of the Franchise Agreement.

14. Miscellaneous Opening Expenses: This estimate includes any additional costs you may incur in connection with launching the Franchised Business such as certifications, change orders, supplies, etc.

15. Additional Funds – First 3 Months: The estimate includes: leasing payments as well as items such as wages/compensation for personnel (if fixed), additional advertising/marketing, miscellaneous supplies and equipment, state tax, other amounts you will incur in connection with certain pre-opening sales activities designed to generate clientele and other miscellaneous items. This range does not include any draw or salary for you. In calculating this estimate, we relied on (a) the experience of our Canadian Parent and its franchisees in connection with opening, operating and franchising Modern PURAIR Businesses using the Marks and System in Canada and (b) our leadership's experience with developing and operating Modern PURAIR Businesses.

16. The figures in this table are only estimates. We do not offer direct or indirect financing to you for any items. The availability of financing through third-party lenders, if any, will depend on factors such as the lending policies of such financial institutions, the collateral you may have, your creditworthiness, and the general availability of financing. Unless otherwise noted above, all of the expenditures listed in the Item 7 Chart above are non-refundable. This is the estimate to initially launch a Franchised Business in a single Territory and does not account for any additional Territories you may purchase as disclosed in the chart below.

YOUR ESTIMATED INITIAL INVESTMENT – MULTIPLE TERRITORIES

Type of expenditure	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Initial Franchise Fee ¹	\$110,000 (2 Territories)	\$200,000 (5 Territories)	Check or wire transfer	Upon signing the Franchise Agreement	Us
Initial Investment to Open Franchised Business (Less Initial Franchise Fee) ²	\$146,930	\$308,500	See Preceding Chart for Single Territory Investment		
Total ³	\$256,930	\$508,500			

Notes to Multiple Territories Table

1. Initial Franchise Fee: When you sign your Franchise Agreement, you must pay us an initial franchise fee (the "Initial Franchise Fee"). Your Initial Franchise Fee will be \$60,000 for a single Territory containing approximately 250,000 people plus \$0.20 per person above 250,000. If we grant you the opportunity to purchase multiple Territories, your Initial Franchise Fee will be based on the number of Territories you purchase according to the chart below. Each Territory will contain approximately 250,000 people per recently issued U.S. Census data. If the approximate

population of your Territory or Territories exceeds the population corresponding to the number of Territories you are purchasing, you will pay us \$0.20 per person above the applicable population. The column on the right of the chart below shows the discounted Initial Franchise Fee per Territory when you purchase multiple Territories.

Number of Territories	Approximate Total Population	Initial Franchise Fee	Initial Franchise Fee (Per Territory)
1	250,000	\$60,000	\$60,000
2	500,000	\$110,000	\$55,000
3	750,000	\$150,000	\$50,000
4	1,000,000	\$180,000	\$45,000
5	1,250,000	\$200,000	\$40,000

2. Initial Investment to Open Franchised Business: Please refer to the table for the Estimated Initial Investment for a Single Territory for expenses associated with opening the initial Franchised Business for one (1) Territory. This amount does not include the Initial Franchise Fee for one (1) Territory, which is included within the Initial Franchise Fee amounts in the row above.

3. Neither we nor our affiliates will offer financing for any part of the initial investment.

Item 8 **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business either (1) from us, our designee (“Required Vendors”) or suppliers approved by us (“Approved Vendors”), or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (iii) Workers Compensation coverage as required by state law, but no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Your insurance policies must add us and our affiliates as additional insured.

B. Other Purchases by Specification. You must initially purchase the following from our designated vendors set forth in the Manual, which we reserve the right to change from time to time:

- Sprinter Vans
- Equipment for Sprinter Vans
- Uniforms
- Vacuums
- Digital Marketing Management Services
- Computer Hardware and Software

Alternative Vendors

If you want to use a vendor that is not on our list of Approved Vendors, you must request our approval in writing. We will grant or revoke approvals of vendors based on criteria appropriate to the situation, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving vendors are not available to you. We permit you to contract with alternative vendors who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate vendor. We will strive to provide you with written notification of the approval or disapproval of any vendor you propose within 30 days after receipt of your request. If we do not approve of an alternative vendor within 30 days of receipt of your request, the requested alternative vendor is deemed not approved. We may grant approvals of new vendors or revoke past approvals of vendors on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

We and our affiliates may derive revenue from the required purchases and leases by franchisees. During the previous fiscal year ended December 31, 2024, neither we nor our affiliates derived any revenue from required purchases by our franchisees. Because of common industry practices, we expect to receive rebates, discounts and allowances from some vendors with whom you do business. We expect the amount and availability of discounts to vary from time to time based upon factors outside our control.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 80% to 90% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases to operate your business are 80% to 90% of your total purchases and leases to operate your business.

Payments by Required Vendors to Us

We do not currently receive payments from any Required Vendors based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

Currently, we have not negotiated purchase arrangements with suppliers for the benefit of our franchisees.

Benefits Provided to You For Purchases

We, ourselves, do not provide any material benefit to you based on your purchase of particular goods or services, or your use of Approved Vendors or Required Vendors. However, as stated above, we may negotiate such benefits with certain vendors.

Item 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise 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	Disclosure document item
a. Site selection and acquisition/lease	§ 6.1	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.4, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 15.2, 16.1, 17.6	Items 5, 6 and 7

Obligation	Section in Franchise Agreement	Disclosure document item
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 7.12, 7.13	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

Item 10 **FINANCING**

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

Item 11 **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

Our Pre-Opening Obligations

Prior to the opening of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

A. We will define (a) your home office or other approved site, and (b) the Territory or Territories associated with your Franchised Business where appropriate in the Franchise Agreement. If you will operate the Franchised Business from a location other than your home office (a “Premises”), the Premises must be located within your Territory, and we do not assist you with (i) locating your site and negotiating the purchase or lease of the Premises, (ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the Premises. However, we will either approve of or deny your Premises within 10 business days following our receipt from you of a copy of the proposed lease or sub-lease and such other information about the proposed Premises as we may require. If we have not notified you within 10 business days following receipt of the required information, approval of your Premises shall be deemed not approved. We consider the following factors in approving your Premises: demographics of the surrounding area; the type of nearby development; zoning; physical characteristics of the proposed Premises; the status of nearby competition; the economics of the proposed Premises; and access issues. We typically do not own Premises that are leased to franchisees. (Section 5.4) We expect that you will already have your home office or other existing Premises when you sign your Franchise Agreement. If for some reason you are not able to confirm your home office or other existing work space is capable of serving as the Premises of your Franchised Business at the time we enter into a Franchise Agreement, then you must provide us with confirmation of that home office or other Premises within three (3) months of executing your Franchise Agreement.

B. We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), operational instructions in the Manual which you can use as part of training new employees (Section 5.3), and our initial training program described below. All hiring decisions and conditions of employment are your sole responsibility.

C. We will provide you a list of our specifications and Approved Vendors and Required Vendors for equipment and supplies necessary to open your business. We do not deliver or install these items for you.

D. We will give you access to our Manual (Section 5.1). Our Manual is hosted on an online learning management system, Trainual, and is not in print form. Therefore, the number of “pages” may vary. See Exhibit E for the general table of contents of our Manual as of the Issuance Date of this Disclosure Document. As of the Issuance Date, there are approximately 26 “pages” in the Manual.

E. We will conduct our initial training program. The current initial training program is described below. (Section 5.4).

F. We will advise you regarding the planning and execution of your Market Introduction Plan. (Section 5.4).

Length of Time To Open

The typical length of time between signing the franchise agreement and the opening of your business is 90 to 180 days. Factors that may affect the time period include obtaining licenses, equipment availability, shipping delays, custom orders, your ability to obtain financing, obtain

business permits and licenses, schedule initial training, take delivery of required equipment, and hire employees. You must open for business within eight (8) months from signing the Franchise Agreement. If you fail to open the Franchised Business within eight (8) months after signing the Franchise Agreement, we may charge a Non-Development Fee of two thousand five hundred dollars (\$2,500) per month that you are not open or, at our discretion, we may terminate your Franchise Agreement upon written notice to you.

Our Post-Opening Obligations

After the initial launch of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

A. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$500 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5).

B. *Establishing prices.* We may establish minimum and maximum prices for products and services. (Section 5.5). We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

C. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our required providers and procedures for administration, bookkeeping, accounting, and inventory control. (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

D. *Brand Fund.* We will administer the Brand Fund. (Section 5.5).

E. *Website.* We will maintain a website for the Modern PURAIR brand, which will include your business location and the local telephone number that we establish for you. You will be prohibited from creating any websites for the promotion of your franchised business. (Section 5.5)

Advertising

(i) All advertising and promotion that you use in connection with your Franchised Business must be approved by us and conform to the standards and requirements that we specify. We may make available to you from time to time, at your expense, certain promotional materials, including coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. (Franchise Agreement, Section 9.1).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding 12 months, then you must submit the materials you wish to use to us for our prior written approval at least 30 days prior to 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 materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved and you may not use such materials. Once approved, you may use the proposed materials for a period of 90 days, unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Franchise Agreement, Section 9.1). Except as otherwise provided in this Item, we are not required to spend any amount on advertising in your Territory or Territories.

(ii) *Internet Marketing.* We have the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and “social media” marketing. You may not conduct such marketing or commerce, nor establish any website or social media presence independently, except as we may specify, and only with our consent. We retain the right to approve any linking to or other use of our website. You must comply with any internet, online commerce and/or social media policy that we may prescribe. (Franchise Agreement, Section 9.5).

(iii) *Advertising council.* We have not created an advertising counsel, but we reserve the right to create one comprised of franchisees and our employees.

(iv) *Regional Advertising Cooperatives.* We reserve the right to establish regional advertising cooperatives that are comprised of a geographical market area that contain two or more Businesses (whether a Franchised Business or Affiliate-owned) (each a “Cooperative”). If we assign your Franchised Business to a Cooperative we establish, you must work with the other Business owners in your Cooperative and us to develop and implement regional advertising campaigns designed to benefit all the Businesses within the geographical boundaries of the Cooperative. If you are designated as a member of a Cooperative, you may be required to contribute to the Cooperative in an amount not to exceed the then-current Local Advertising Requirement. All amounts paid to a Cooperative will be credited toward your Local Advertising Requirement. Each year, every operating Cooperative will prepare financial statements which will be made available to franchisees. We have not established any Cooperatives as of the Issuance Date of this Disclosure Document. We reserve the right to establish the governing rules, terms, and operating procedures of any Cooperative and make them available for Franchisee’s review. (Franchise Agreement, Section 9.4). If there is an affiliate-owned Business that is located within the Cooperative’s geographical boundaries, then that Business will be permitted to vote on Cooperative matters and, in the event they are involved in the Cooperative vote, such Business(es) will make the same Cooperative contributions made by the other System Businesses in that Cooperative – otherwise, these Businesses will have the option, but not the obligation, to contribute. (Franchise Agreement, Section 9.4).

(v) *Brand Fund Contributions.* We have established the Brand Fund, and you are required to contribute 1% of your Gross Sales to the Brand Fund on an ongoing basis at the same

time that you pay the Royalty Fee. We will administer and use the Brand Fund to meet certain costs related to maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, securing and managing national accounts, and any other activities that we believe will enhance the image of the System. We will designate all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Brand Fund may also be used to cover the costs and fees associated with: preparing and producing video, audio, and written materials and electronic media; developing franchisee remote training tools and/or other technology tools designated to further develop the brand and/or our then-current System; website maintenance and development, internet advertising, administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, website, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Brand Fund may be used for advertising materials/campaigns in printed materials or on radio or television for local, regional or national circulation, internet regional or national advertising, as we deem appropriate in our discretion. We and/or a regional or national advertising agency may be used to produce all advertising and marketing. We will not spend any amount on advertising in your Territory or Territories that is not in relation to the Brand Fund.

We will account for the Brand Fund contributions separately from our other funds and not use the Brand Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Brand Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Fund contributions. The Brand Fund is not our asset or a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Brand Fund or any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest, determined from time to time by us, which provides us with a return commensurate with the prevailing interest rate charged by persons in the business of lending money under similar circumstances) to cover deficits, or invest any surplus for future use. We will use interest earned on Brand Fund contributions to pay costs before spending the Brand Fund's other assets. We will not use Brand Fund contributions for advertising that principally is a solicitation for the sale of franchises, except that we may use/display the phrase "Franchises Available" on any and all advertising/marketing that is covered by the Brand Fund. We may incorporate the Brand Fund or operate it through a separate entity if we deem appropriate.

Any affiliate-owned businesses may, but will not be required to, contribute to the Brand Fund in the same manner that each Franchised Business is required to contribute. We are not required to spend any Brand Fund contributions in the Designated Territory you are granted under your Franchise Agreement, and we will provide you, upon request, with an accounting of the Brand Fund within 120 days after our fiscal year end (upon your written request). We are not required to have the Brand Fund audited, but we may do so and use the Brand Fund contributions to pay for such an audit. If we do not spend all Brand Fund contributions in a given year, we may rollover any excess contributions into the Brand Fund for use during the following year. We will have the right to modify or discontinue the Brand Fund, as we deem appropriate in our sole discretion.).

(Franchise Agreement, Section 9.3.). In our fiscal year ending December 31, 2024, we did not collect or expend any money from Brand Fund contributions since we did not have any franchisees.

Computer Systems

We require you to purchase and use computer systems and software. Currently, you must install and maintain an Apple computer system (MacBook Air or MacBook Pro) that is no more than two (2) years old according to our specifications, as listed in the Manual. We currently only support Apple devices (including iPhones and iPads for mobile devices) and all franchisees must use Apple devices in connection with the operation of the Franchised Business. Devices must be no more than two (2) years old when operations commence. iPads must be full size (iPad Minis are not supported). You will also need a 27-inch external monitor.

These systems provide management tools, operational systems, logistics and business systems needed to operate the Franchised Business. These systems will generate or store data such as marketing, financial, customer and order data.

We will have direct access to your software. We may own your software and set up your account(s) and approve users. You will grant us full administrative access to your accounting records and the software used for your accounting for the Franchised Business.

We estimate that these systems will cost between \$2,000 and \$5,000 to purchase/subscribe. We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you to enter into any such contract with a third party. However, we may do so in the future. You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation. We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$500 to \$1,000.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Delivery Method	Location
Brand Introduction & Mission	1	0	Virtual Live	Virtually, at HQ, a Franchised Location, or Your Location
Service Model & Offerings	2	3	Trainual + Live Observation	Virtually, at HQ, a Franchised Location, or Your Location

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Delivery Method	Location
Business Setup & Tools	4	0	Trainual + Coaching	Virtually, at HQ, a Franchised Location, or Your Location
Sales Process (Residential & B2B)	4	3	Trainual + Virtual + Ride Along	Virtually, at HQ, a Franchised Location, or Your Location
Admin. Systems & Office Workflow	3	4	Trainual + Office Shadowing	Virtually, at HQ, a Franchised Location, or Your Location
In-Field Technician Observation	1	10	Ride-Alongs + Service Call Shadowing	Virtually, at HQ, a Franchised Location, or Your Location
Local Marketing Launch	3	5	Virtual Planning + In-Field Execution	Virtually, at HQ, a Franchised Location, or Your Location
Vehicle Readiness & Safety Protocols	2	2	Trainual + On-Site Walkthrough	Virtually, at HQ, a Franchised Location, or Your Location
Brand Standards & Quality Control	2	2	Trainual + Site Visit	Virtually, at HQ, a Franchised Location, or Your Location
Subtotal Hours	22 Hours	29 Hours		
TOTALS:	22 Hours	~51-60 Hours	(Varies by pacing and location availability)	

Training classes will be scheduled in accordance with the needs of new franchisees and may include remote/virtual training as well as in-person training. We anticipate holding training classes every other month. Training will be held virtually, at our offices and business location(s) in Kelowna, British Columbia, Canada, or we may hold training, at our discretion, at your location or the location of another franchisee. Training is delivered through a combination of training platform modules, which are available 24/7, live virtual sessions via Microsoft Teams or equivalent, and on-site field training and observation at a certified Modern PURAIR location or another location we determine. The instructional materials consist of the Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be overseen by Lane Martin and led by members of our franchise support staff who have at least 1 year of experience in the air quality industry. Lane's experience is described in Item 2 of this Disclosure Document, and he has 30 years of experience in the subjects taught.

You must attend initial training. The Onsite Initial Training Fee includes attendance for up to three people, including you. You must pay the travel and living expenses of your attendees. If you wish to send more than three people to initial training, you must pay us \$1,000 per person beyond the first three attendees. You must complete training to our satisfaction before opening your Franchised Business. If you send an employee to our training program after the Franchised Business opens, or if we send one or more trainers to the Franchised Business for additional

training, you must pay us our then-current training fee prior to the training and reimburse us for all costs and expenses incurred with sending the trainer(s) to the Franchised Business, if applicable. As of the Issuance Date of this Disclosure Document, the training fee is \$500 per attendee for training at our headquarters or \$500 per trainer that we send to your Franchised Business. Other than this, we do not currently require other additional training programs or refresher courses, but we have the right to do so.

Item 12 TERRITORY

Grant of Territory

If you purchase one (1) Territory, your Territory will include a geographical area consisting of approximately 250,000 people. As described in Item 5, you may purchase additional geographic areas adjacent to your Territory for \$0.20 per person. If you purchase multiple Territories, each Territory will consist of approximately 250,000 people. We will define your Territory or Territories by a list of contiguous zip codes. We use the third-party mapping software to determine Territories and population counts based on the latest U.S. Census data and other sources.

Establishment of Additional Franchises

You do not have the right to establish additional Franchised Businesses. You may only expand operations outside of your Territory if you have purchased the rights to additional Territories upon the execution of your Franchise Agreement. If you request to purchase additional Territories (or contiguous geographic areas) at a later time, we are under no obligation to grant that request. You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises, geographic areas, or Territories.

Protected 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.

During the term of the Franchise Agreement, we will not establish a Modern PURAIR business or license another party to establish a Modern PURAIR business located within your Territory or Territories. Continuation of your territorial rights does not depend on any contingency. There are no circumstances that permit us to modify your territorial rights.

Restrictions on Us From Soliciting or Accepting Orders In Your Territory

Except as described in this paragraph, we will not serve customers in your Territory or authorize another party to serve customers in your Territory under the Modern PURAIR brand. However, we may serve (or authorize other franchisees to serve) customers in your Territory if you are in default under the Franchise Agreement or if you are incapable of meeting customer demand in your Territory. We may also serve (or authorize another franchisee to serve) a particular customer in your Territory if you fail to properly serve such customer, or if we reasonably believe

that you will not properly serve such customer. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your Territory (i) using our principal trademarks, but only for sales of products or services different from the ones you will offer, and (ii) using trademarks different from the ones you will use. In the circumstances where the Franchise Agreement does not prohibit us from soliciting or accepting orders from inside your Territory, we do not pay any compensation to you. We also reserve the right to acquire or be acquired by a business that offers or licenses others to offer the same products and/or services as a Modern PURAIR business within your Territory or anywhere else.

Soliciting by You Outside Your Territory

You cannot solicit or market to potential customers outside of your Territory without our prior written permission. You cannot provide services outside of your Territory without our prior written permission. We may withdraw permission at any time. If 10% or more of your Gross Sales are derived from providing services outside of your Territory, we may, in our sole discretion, require you to purchase one or more additional territories. You do not have any right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing to make sales outside of your Territory. If you provide services at any location outside of your Territory without our prior written permission, we may impose a fee equal to the greater of (i) \$500 or (ii) 75% of the amount paid by such customer to you. This fee is a reasonable estimate of our internal cost of personnel time attributable to addressing your breach of the applicable section of the Franchise Agreement, and it is not a penalty or estimate of all damages arising from such breach. This fee is in addition to all of our other rights and remedies.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the Franchise Agreement does not prohibit us from doing so.

Item 13 TRADEMARKS

The following are the principal trademarks that we license to you. These trademarks are owned by our Canadian Parent, Modern PURAIR, Inc., which has licensed them to us pursuant to the terms below. The below trademarks are pending registration on the Principal Register of the United States Patent and Trademark Office.

Trademark	Filing Date	Serial Number
MODERN PURAIR	December 13, 2018	Serial No. 88227818
	November 21, 2018	Serial No. 88203267

No affidavits or renewals have been filed for the trademarks as they are not yet registered. We do not know of any prior rights or infringing uses that could materially affect our franchisees' use of the trademarks.

Litigation

There are no presently active determinations of the Patent Office, the Trademark Administrator of any state or any court, any pending interference, opposition or cancellation proceeding or any pending material litigation involving the Marks that is relevant to Your ability to use the Marks in connection with the Franchised Business.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademark listed above in a manner material to the franchise.

Our Canadian Parent, Modern PURAIR, Inc., owns the Marks described in this Item. Under a Trademark License Agreement ("TLA") between us and our Canadian Parent, we have been granted the exclusive right to sublicense the Marks to Modern PURAIR franchisees throughout the United States. The TLA is of perpetual duration, and it may be modified only by mutual consent between us and our Canadian Parent. The TLA may be terminated mutually by us and our Canadian Parent. Otherwise, the TLA may only be terminated by our Canadian Parent for cause if (1) we materially breach the terms of the TLA and fail to cure such breach within thirty (30) days, or (2) we discontinue commercial use of the Marks for a continuous period of more than one year. The TLA specifies that our franchisees' rights to use the Marks will remain unaffected for the remainder of the terms of their franchise agreements, as may be renewed, if the TLA is ever terminated.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The Franchise Agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademark in accordance with the Franchise Agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the Franchise Agreement, we may require you to modify or discontinue using a trademark, at your expense.

Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the franchise. We do not have any pending patent applications that are material to the franchise.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation.

We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, technical designs, equipment designs, layouts, operating procedures, proprietary techniques for sales and recruiting, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements and non-compete agreements, pursuant to local law.

Protection of Rights

We protect your right to use any patents listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the patents or copyrights, to the extent described in this section.

The Franchise Agreement obligates you to notify us of the use of, or claims of rights to, a patent or copyright identical to or confusingly similar to a patent or copyright licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a patent or copyright licensed by us to you.

If you use our patents or copyrights in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the patent, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the Franchise Agreement, we may require you to modify or discontinue using a patent or copyright, at your expense.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Participation

You are required to participate personally in the supervision of your business.

If you are the sole owner of the business, then you are deemed the “Principal Executive”. If the business is owned through a corporation or limited liability company, you must designate one person as your “Principal Executive.” The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive must attend all required meetings, including the Bootcamp Sales meetings and National Annual Meeting.

If your business is owned by an entity, all owners of the business and their spouses must sign our Guaranty and Non-Compete Agreement (see Attachment 2 to Exhibit B).

“On-Premises” Supervision

When your business performs services for a customer, you are not required to personally conduct “on-premises” supervision of your business. You may hire a Designated Manager who will oversee your employees and be responsible for customer service. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The Designated Manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the Franchised Business is owned by an entity, we do not require that the Designated Manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your Designated Manager sign a confidentiality and non-compete agreement. We do not require you to place any other restrictions on your Designated Manager.

Restrictions on Disposition of Franchise Equipment

Franchisees may not sell, sublease, scrap, donate, barter, or otherwise dispose of any franchise equipment without express consent from us. We require first rights, after any applicable lenders’ rights, to repossess any equipment used in the operation of a franchise, including but not limited to vehicles, parts, inventory, tools, and communications devices.

We will compensate the franchisee and/or any lien holders for the repossession of franchise equipment. Compensation may be reduced by outstanding amounts you owe us.

We have full discretion and rights as it applies to repossessing any of your equipment. Our rights do not release you from any liens, leases, or financing agreements. We do not co-sign for any of your equipment and will not assume liabilities in the event of failure to make payment.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved. You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes. We do not restrict your access to customers, except that all sales must be made to customers in your territory. All sales must be made through our designated point of sale system, including issuing invoices and receipts. You may not collect cash from or otherwise charge customers outside of our point of sale system.

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

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	F.A. § 3.1	10 years from date of franchise agreement.
b. Renewal or extension of the term	F.A. § 3.2	You may obtain a successor franchise agreement for up to two additional 5-year terms.
c. Requirements for franchisee to renew or extend	F.A. § 3.2	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. To renew, you must give advance notice to us; be in compliance; conform your business to then-current standards for new franchisees; sign then-current form of franchise agreement; sign general release (unless prohibited by applicable law) and pay a \$10,000 renewal fee.

Provision	Section in franchise or other agreement	Summary
d. Termination by franchisee	F.A. § 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you. (subject to applicable state law)
e. Termination by franchisor without cause	F.A. Not Applicable	We may not terminate your franchise agreement without cause.
f. Termination by franchisor with cause	F.A. § 14.2	We may terminate your franchise agreement for cause, subject to any applicable notice and cure opportunity.
g. "Cause" defined--curable defaults	F.A. § 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. "Cause" defined--non-curable defaults	F.A. § 14.2	Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our audit or evaluation; cease operations for more than 15 consecutive days; two defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured; engaging in conduct that is offensive, inappropriate, or disrespectful toward us, our affiliates, and our representatives.
i. Franchisee's obligations on termination/non-renewal	F.A. §§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.

Provision	Section in franchise or other agreement	Summary
j. Assignment of agreement by franchisor	F.A. § 15.1	Unlimited
k. “Transfer” by franchisee - defined	F.A. Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	F.A. § 15.2	No transfers without our approval, which we will not unreasonably withhold.
m. Conditions for franchisor’s approval of transfer	F.A. § 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and guaranty; you’ve made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications. If we approve of a transfer to your spouse, child or sibling, there will be no transfer fee. If you transfer your franchise rights to your spouse, child or sibling, they must sign a personal guaranty.
n. Franchisor’s right of first refusal to acquire franchisee’s business	F.A. § 15.5	If you want to transfer your business (other than to your spouse, sibling, or child), we have a right of first refusal.

Provision	Section in franchise or other agreement	Summary
o. Franchisor's option to purchase franchisee's business	F.A. § 14.6	When the FA expires or is terminated, Franchisor will have the right (but not the obligation) to purchase any or all of the assets related to the business at fair market value. To exercise this option, Franchisor must notify Franchisee no later than 30 days after the FA expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Franchisor's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. If Franchisor exercises the purchase option, Franchisor may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts which Franchisor paid or will pay to third parties to satisfy indebtedness owed by Franchisee to third parties. If any of the assets are subject to a lien, Franchisor may pay a portion of the purchase price directly to the lienholder to pay off such lien. Franchisor may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. Franchisor may assign this purchase option to another party.
p. Death or disability of franchisee	F.A. §§ 2.4, 15.4	If you die or become incapacitated, a new principal operator acceptable to us must be designated to operate the business, and your executor must transfer the business to a third party within nine months. This is subject to our step-in rights.

Provision	Section in franchise or other agreement	Summary
q. Non-competition covenants during the term of the franchise	F.A. § 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor. (subject to applicable state law)
r. Non-competition covenants after the franchise is terminated or expires	F.A. § 13.2	For two years, no ownership of, or employment by, a competitor operating in your former territory or territories, within 25 miles of your territory or territories, or within the territory of any other Modern PURAIR business operating on the date of termination. (subject to applicable state law)
s. Modification of the agreement	F.A. § 18.4	No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	F.A. § 18.3	Only the terms of the franchise agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, no claim made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	F.A. § 17.1; 17.2	All disputes must, at our option, first be submitted to non-binding mediation. All remaining disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).

Provision	Section in franchise or other agreement	Summary
v. Choice of forum	F.A. §§ 17.2; 17.6	Arbitration will take place in Delaware (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States in Delaware or, if this court lacks jurisdiction, the state courts of Delaware (subject to applicable state law).
w. Choice of law	F.A. § 18.8	Delaware law will govern (subject to applicable state law).

Item 18 PUBLIC FIGURES

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

Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Background

This Item 19 discloses the historical financial performance of certain Modern PURAIR businesses operating under the Proprietary Marks and utilizing the System in Canada pursuant to franchise agreements with our Canadian Parent, Modern PURAIR, Inc. (each, a “**CN Business**” and, collectively, the “**CN Businesses**”). Our Canadian Parent’s fiscal year runs from September 1 to August 31. As of August 31, 2024, there were twenty (20) CN Businesses operating in Canada. There were no corporate or affiliate outlets operated by us or our affiliates during this time period.

This Item discloses certain historical financial performance information and data regarding the operations of the twelve (12) CN Businesses that (i) had been open for one (1) year as of August 31, 2024, (ii) operated continuously from September 1, 2023 to August 31, 2024 (the “**Measurement Period**”), and (iii) were materially compliant with their franchise agreements with

our Canadian Parent (collectively, the “**Disclosed CN Businesses**” and each a “**Disclosed CN Business**”). Section I contains an overview of the Disclosed CN Businesses.

We have excluded the remaining eight (8) CN Businesses from this Item because one (1) CN Business had not been open for one (1) year as of August 31, 2024; and seven (7) CN Businesses were in material non-compliance with the terms of their franchise agreements with our Canadian Parent for issues including failure to maintain local management, failure to meet advertising spending thresholds, failure to follow required operational procedures, and failure to report accurate financials.

The financial data in this Item 19 was reported to us and our Canadian Parent by its franchisees and has not been independently audited.

Note Regarding Currency Exchange Rates

Currency Exchange Rates. All financial figures disclosed in this Item 19 have been converted to United States dollars (“U.S. Dollars” or “USD”) from Canadian dollars (“Canadian Dollars” or “CAD”). However, (i) the Disclosed CN Businesses owners reported this information to our Canadian Parent in Canadian Dollars given that their operations (and our Canadian Parent) are located in Canada; and (ii) the currency exchange rate between U.S. Dollars and Canadian Dollars is constantly in flux such that the rates may have substantially changed between the date the Disclosed CN Businesses reported these figures to our Canadian Parent, the issuance date of this Disclosure Document, and the date you receive this Disclosure Document and/or purchase franchise rights from us. Further, as of the issuance date of this Disclosure Document, the United States federal government has enacted tariffs on a global scale, which have elicited new or increased tariffs from other countries, including Canada. This has, in turn, affected exchange rates globally, including the exchange rate between U.S. Dollars and Canadian Dollars. Therefore, you should consider the exchange rates as of the dates you receive this Disclosure Document and purchase a franchise.

The financial data included in this Item 19 was converted from Canadian Dollars to U.S. Dollars with the average historical exchange rate between January 1, 2024 and December 31, 2024 of \$1 CAD = \$0.73 USD according to the U.S. Internal Revenue Service yearly average currency exchange rates found at <https://www.irs.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates>.

Written substantiation of the data used in preparing this financial performance representation will be made available to you as a prospective franchisee upon reasonable written request.

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

Section I

Modern PURAIR System Overview

Table 1 – Disclosed CN Business Details

Our Canadian Parent offers franchises with territories based on approximately 150,000 people per territory (“Canadian Territories”). A CN Business’s number of Canadian Territories may be rounded up or down, depending on how close they are to the nearest multiple of 150,000. The franchise offered under this Disclosure Document includes territories based on 250,000 people per territory. The Disclosed CN Businesses include both single-territory and multi-territory franchises. The table below reflects the “Owned Service Area” of each Disclosed CN Business, which is the geographic area that the applicable franchisee purchased the rights to operate their Disclosed CN Business within. The following table also includes the approximate population within each Disclosed CN Business’s Owned Service Area along with the number of Canadian Territories each Disclosed CN Business operates within according to our Canadian Parent’s territory structure of 150,000 people per territory. The population figures and Owned Service Area descriptions in this table are based on data from the Statistics Canada – 2021 Census, local municipal websites and community profiles, regional planning documents and CMA boundaries, Modern PURAIR internal franchise maps and service zones, and franchise-supplied breakdowns (i.e., “Vancouver Zones,” “Hamilton South,” and “West Edmonton”). **Note:** The Disclosed CN Businesses may operate outside of their Owned Services Areas; the franchise offered under this Disclosure Document does not allow for operation outside of a franchisee’s territory(ies) except under limited circumstances.

Disclosed CN Business	Month/Year Opened	Owned Service Area	Approximate Total Population	# of Canadian Territories
Kelowna ¹	May 2010	Kelowna, West Kelowna, Vernon	325,326	2
Calgary	August 2014	Calgary (entire metro)	1,306,784	9
Fraser Valley	December 2011	Langley (City & Township), Chilliwack, Abbotsford, Mission, Cloverdale, Delta, Surrey (North, South, East, West), White Rock, Pitt Meadows, Maple Ridge	1,134,664	9
Victoria ²	March 2017	Greater Victoria (Victoria, Saanich, Oak Bay, Esquimalt, Langford, Colwood, Sidney, Sooke, Central & North Saanich, etc.)	397,237	2
Barrie	December 2021	Barrie CMA – includes Barrie, Innisfil, Springwater	212,856	2
Vancouver	October 2022	Vancouver Zones 1–6, Burnaby (North & South), Richmond (North & South), Coquitlam, New Westminster	1,280,026	11
South Okanagan	August 2009	Penticton, Oliver, Osoyoos	47,535	1
Kootenays ³	March 2011	Castlegar, Nelson, Trail, Golden, Invermere	35,267	1
Nanaimo	August 2016	Nanaimo CMA – includes City of Nanaimo, Lantzville, Gabriola Island, surrounding areas	115,459	1
Kamloops ⁴	September 2023	Kamloops, Salmon Arm, Merritt	124,385	1

Edmonton	July 2018	West Edmonton (limited franchise-owned region)	350,000	2
Hamilton	June 2021	Hamilton – D, Hamilton – S	250,181	2

Notes to Table 1:

1. The Kelowna CN Business previously received income from our Canadian Parent for providing training and related services to other Canadian franchisees.
2. The Victoria CN Business was transferred from a prior Canadian franchisee to the current owner in July of 2023.
3. The Kootenays CN Business was transferred from a prior Canadian franchisee to the current owner in September of 2022.
4. There was previously a Canadian franchisee operating in the territory of the current Kamloops CN Business, but that prior franchisee did not renew their franchise agreement with our Canadian Parent. The current owner opened the Kamloops CN Business in September of 2023.

General Notes to Section I:

The Disclosed CN Businesses pay our Canadian Parent Royalty Fees, Sales Center Fees, and Technology Fees that are different than those set forth in Item 6 of this Disclosure Document. The Disclosed CN Businesses also contribute 1% of their Gross Revenue to the PURKIDS Foundation. Other than these differences and the notes in the table above, there are no material financial or operational differences between the Disclosed CN Businesses and the franchise offered under this Disclosure Document.

The following table reflects the Net Revenue of each Disclosed CN Business during the Measurement Period along with Cost of Goods Sold (“COGS”) and Certain Expenses incurred during the Measurement Period. The table also reflects the number of “Sprinters” operated by each Disclosed CN Business during the Measurement Period. The Sprinters are substantially the same form of vehicle our U.S. franchisees will operate as described in Item 7 of this Disclosure Document.

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Table 2 – Disclosed CN Business Performance (CAD)

The following table discloses certain historical financial performance data from the Disclosed CN Businesses during the Measurement Period in Canadian Dollars (as they were reported to our Canadian Parent).

	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS	AVERAGE
YEAR OPENED	May 2010	August 2014	December 2011	March 2017	December 2021	October 2022	August 2009	March 2011	August 2016	September 2023	July 2018	June 2021	Totals	Average
TOTAL SPRINTERS	11	8	6	5	3	4	3	3	3	3	2	2	53	4.4
AVG SPRINTER NET REVENUE	\$367,855	\$256,079	\$294,775	\$257,913	\$402,593	\$252,411	\$295,614	\$279,933	\$251,189	\$242,936	\$264,066	\$225,252		\$293,553

	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS	AVERAGE
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321	\$1,296,527
COGS	\$1,724,590	\$800,214	\$810,974	\$623,919	\$342,109	\$485,784	\$376,097	\$373,721	\$320,515	\$463,371	\$299,612	\$266,126	\$6,887,033	\$573,919
GROSS PROFIT	\$2,321,811	\$1,248,419	\$957,677	\$665,645	\$865,669	\$523,858	\$510,745	\$466,078	\$433,053	\$265,437	\$228,519	\$184,378	\$8,671,288	\$722,607
CERTAIN EXPENSES	\$1,157,945	\$754,651	\$649,749	\$440,155	\$257,424	\$493,412	\$334,235	\$371,440	\$218,024	\$242,300	\$146,561	\$134,250	\$5,200,146	\$433,345
NET REVENUE MINUS CERTAIN EXPENSES	\$1,163,866	\$493,768	\$307,928	\$225,490	\$608,246	\$30,446	\$176,510	\$94,638	\$215,029	\$23,137	\$81,957	\$50,128	\$3,471,142	\$289,262
NET REVENUE MINUS CERTAIN EXPENSES %	29%	24%	17%	17%	50%	3%	20%	11%	29%	3%	16%	11%	22%	22%

Table 3 – Disclosed CN Business Performance (USD)

The following table discloses the same historical financial performance data from the Disclosed CN Businesses as the preceding table, but the figures have been converted to U.S. Dollars. See the note above regarding the exchange rate used to convert the data.

	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS	AVERAGE
YEAR OPENED	May 2010	August 2014	December 2011	March 2017	December 2021	October 2022	August 2009	March 2011	August 2016	September 2023	July 2018	June 2021	Totals	Average
TOTAL SPRINTERS	11	8	6	5	3	4	3	3	3	3	2	2	53	4.4
AVG SPRINTER NET REVENUE	\$268,534	\$186,938	\$215,186	\$188,276	\$293,893	\$184,260	\$215,798	\$204,351	\$183,368	\$177,343	\$192,768	\$164,434		\$214,294

	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS	AVERAGE
NET REVENUE	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868	\$11,357,574	\$946,465
COGS	\$1,258,951	\$584,157	\$592,011	\$455,461	\$249,739	\$354,622	\$274,551	\$272,817	\$233,976	\$338,261	\$218,717	\$194,272	\$5,027,534	\$418,961
GROSS PROFIT	\$1,694,922	\$911,346	\$699,104	\$485,921	\$631,939	\$382,416	\$372,844	\$340,237	\$316,129	\$193,769	\$166,819	\$134,596	\$6,330,040	\$527,503
CERTAIN EXPENSES	\$845,300	\$550,895	\$474,317	\$321,313	\$187,919	\$360,191	\$243,991	\$271,151	\$159,157	\$176,879	\$106,990	\$98,003	\$3,796,106	\$316,342
NET REVENUE MINUS CERTAIN EXPENSES	\$849,622	\$360,451	\$224,787	\$164,608	\$444,019	\$22,225	\$128,852	\$69,086	\$156,971	\$16,890	\$59,829	\$36,593	\$2,533,934	\$211,161
NET REVENUE MINUS CERTAIN EXPENSES %	29%	24%	17%	17%	50%	3%	20%	11%	29%	3%	16%	11%	22%	22%

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Table 4 – Disclosed CN Business Performance Summary

The following table provides a summary of the foregoing tables, highlighting the averages from the right column of each table and reflecting each category as a percentage of the Average Net Revenue.

THE MODEL			
	CAD	USD	% of Average Net Revenue
AVERAGE NET REVENUE	\$1,296,527	\$946,465	
AVERAGE COGS	\$573,919	\$418,961	44.3%
AVERAGE GROSS PROFIT	\$722,607	\$527,503	55.7%
AVERAGE CERTAIN EXPENSES	\$433,345	\$316,342	33.4%
AVERAGE NET REVENUE MINUS AVERAGE CERTAIN EXPENSES	\$289,262	\$211,161	22.3%

Notes to Section I:

The following definitions apply to this Section I and the remainder of this Item 19:

1. “Net Revenue” means all income that the Disclosed CN Businesses derived from providing Approved Products and Services during the Measurement Period. Net Revenue does not include any income the Disclosed CN Businesses may have derived from performing work subcontracted from another CN Business, providing training or consulting to another CN Business or to our Canadian Parent, selling a used vehicle and/or equipment, or from rebate or referral arrangements with other companies and vendors.
2. “Cost of Goods Sold” or “COGS” includes expenses related to certain Purchases, Credit Card Processing, Specialized Contract Labor, Tech Compensation, and Sprinter + Equipment Expenses.
3. “Gross Profit” means Net Revenue minus COGS.
4. “Certain Expenses” include expenses related to Imputed Royalty Fees, Imputed Sales Center Fees, Imputed Technology Fees, Brand Fund Contributions, Management Expenses, Advertising/Marketing, Business Development – Sales, Rent, Utilities, Telephone, Computer + Internet, Insurance, and General Operations that the applicable Disclosed CN Business incurred during the Measurement Period. See Section VII for a breakdown of these expenses. The Certain Expenses are not all of the expenses that the Disclosed CN Businesses incurred during the Measurement Period or all of the expenses you will incur in the development and operation of a Modern PURAIR Franchised Business. “Certain Expenses” do not include expenses the Disclosed CN Businesses incurred for: Contributions to the PURKIDS Foundation, Owner Compensation, Profit Sharing, Gifts, Travel, Meals & Entertainment, Donations, Benefits/Life Insurance, Business Coaching, Bad Debt/Collections, Mileage, Parking, Interest on Long Term Debt, Taxes, Depreciation, and Amortization.

5. “Gross Profit Minus Certain Expenses” means Gross Profit minus the total Certain Expenses for the applicable Disclosed CN Business during the Measurement Period.

Section II
Disclosed CN Business Net Revenue By Year

In this Section II, Table 1 and Table 3 disclose the Net Revenue earned by each of the Disclosed CN Businesses during “2022” (September 1, 2021 to August 31, 2022), “2023” (September 1, 2022 to August 31, 2023), and “2024” (September 1, 2023 to August 31, 2024). Only eleven (11) of the Disclosed CN Businesses were open for the entire 2022 period. Tables 2 & 4 are a summary of the data in Tables 1 & 3, respectively. Tables 1 & 2 disclose this data in Canadian Dollars as it was reported to our Canadian Parent by the Disclosed CN Businesses. Tables 3 & 4 disclose the same data in U.S. Dollars, using the currency exchange rate described above.

Table 1 – Disclosed CN Business Net Revenue By Year (CAD)

Disclosed CN Business	2022	2023	2024
Kelowna	\$2,661,938	\$3,309,682	\$4,046,401
Calgary	\$1,522,845	\$2,005,532	\$2,048,633
Fraser Valley	\$2,113,308	\$1,563,114	\$1,768,651
Victoria	\$794,592	\$870,897	\$1,289,564
Barrie	\$355,072	\$769,740	\$1,207,778
Vancouver	n/a	\$582,393	\$1,009,642
South Okanagan	\$707,150	\$782,817	\$886,842
Kootenays	\$416,783	\$673,436	\$839,799
Nanaimo	\$587,408	\$772,486	\$753,568
Kamloops	\$855,894	\$582,042	\$728,808
Edmonton	\$21,656	\$542,813	\$528,131
Hamilton	\$258,102	\$301,122	\$450,504

Table 2 – Summarized Disclosed CN Business Net Revenue By Year (CAD)

	2022	2023	2024
CN Businesses	11	12	12
Total Net Revenue	\$10,294,748	\$12,756,074	\$15,558,321
<hr/>			
Average Net Revenue per Location	\$935,886	\$1,063,006	\$1,296,527
Above Average	3 out of 11 (27%)	3 out of 12 (25%)	3 out of 12 (25%)
Below Average	8 out of 11 (73%)	9 out of 12 (75%)	9 out of 12 (75%)
<hr/>			
Low Net Revenue	\$21,656	\$301,122	\$450,504
High Net Revenue	\$2,661,938	\$3,309,682	\$4,046,401
Median Net Revenue	\$707,150	\$771,113	\$948,242

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Table 3 – Disclosed CN Business Net Revenue By Year (USD)

Disclosed CN Business	2022	2023	2024
Kelowna	\$1,943,215	\$2,416,068	\$2,953,873
Calgary	\$1,111,677	\$1,464,038	\$1,495,502
Fraser Valley	\$1,542,715	\$1,141,073	\$1,291,115
Victoria	\$580,052	\$635,755	\$941,382
Barrie	\$259,203	\$561,910	\$881,678
Vancouver	n/a	\$425,147	\$737,039
South Okanagan	\$516,220	\$571,456	\$647,395
Kootenays	\$304,252	\$491,608	\$613,053
Nanaimo	\$428,808	\$563,915	\$550,105
Kamloops	\$624,803	\$424,891	\$532,030
Edmonton	\$15,809	\$396,253	\$385,536
Hamilton	\$188,414	\$219,819	\$328,868

Table 4 – Summarized Disclosed CN Business Net Revenue By Year (USD)

	2022	2023	2024
CN Businesses	11	12	12
Total Net Revenue	\$7,515,166	\$9,311,934	\$11,357,574
<hr/>			
Average Net Revenue per Location	\$683,197	\$775,995	\$946,465
Above Average	3 out of 11 (27%)	3 out of 12 (25%)	3 out of 12 (25%)
Below Average	8 out of 11 (73%)	9 out of 12 (75%)	9 out of 12 (75%)
<hr/>			
Low Net Revenue	\$15,809	\$219,819	\$328,868
High Net Revenue	\$1,943,215	\$2,416,068	\$2,953,873
Median Net Revenue	\$516,220	\$562,913	\$692,097

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Section III **Disclosed CN Business Growth Rate**

In this Section III, the following tables disclose the total Net Revenue from the Disclosed CN Businesses during the 2022, 2023, and 2024 periods (as such periods of time are defined above). As disclosed above, only eleven (11) of the Disclosed CN Businesses were open for the entire 2022 period. The following tables also disclose the growth rate (in amount and percentage of growth) between the 2023 and 2024 periods and the 2022 and 2024 periods, respectively. Lastly, the following tables also disclose the Average Net Revenue per Location (“AVG Location”), as disclosed above in Section II, during the 2022, 2023, and 2024 periods and disclose the growth rate (in amount and percentage of growth) between the 2023 and 2024 periods and the 2022 and 2024 periods, respectively. Table 1 discloses this data in Canadian Dollars as it was reported to our Canadian Parent by the Disclosed CN Businesses. Table 2 discloses the same data in U.S. Dollars, using the currency exchange rate described above.

Table 1 – Disclosed CN Business Year-Over-Year Growth Rate (CAD)

2024 vs 2023		2024 vs 2022	
2024 Net Revenue	\$15,558,321	2024 Net Revenue	\$15,558,321
2023 Net Revenue	\$12,756,074	2022 Net Revenue	\$10,294,748
YOY Growth	\$2,802,247	Systemwide Growth	\$5,263,573
YOY Growth %	22.0%	Systemwide Growth %	51.1%
2024 AVERAGE NET REVENUE PER LOCATION	\$1,296,527	2024 AVERAGE NET REVENUE PER LOCATION	\$1,296,527
2023 AVERAGE NET REVENUE PER LOCATION	\$1,063,006	2022 AVERAGE NET REVENUE PER LOCATION	\$935,886
YOY Growth	\$233,521	YOY Growth	\$360,641
YOY Growth %	22.0%	YOY Growth %	38.5%

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Table 2 – Disclosed CN Business Year-Over-Year Growth Rate (USD)

2024 vs 2023		2024 vs 2022	
2024 Net Revenue	\$11,357,574	2024 Net Revenue	\$11,357,574
2023 Net Revenue	\$9,311,934	2022 Net Revenue	\$7,515,166
YOY Growth	\$2,045,640	Systemwide Growth	\$3,842,408
YOY Growth %	22.0%	Systemwide Growth %	51.1%
2024 AVERAGE NET REVENUE PER LOCATION	\$946,465	2024 AVERAGE NET REVENUE PER LOCATION	\$946,465
2023 AVERAGE NET REVENUE PER LOCATION	\$775,995	2022 AVERAGE NET REVENUE PER LOCATION	\$683,197
YOY Growth	\$170,470	YOY Growth	\$263,268
YOY Growth %	22.0%	YOY Growth %	38.5%

Section IV Sales Center: Leads to Jobs Completed Closing Rate %

The following table discloses the following historical data for each of the Disclosed CN Businesses during the 2023 and 2024 periods (as those periods are defined above): (i) the number of prospective customers that our Sales Center (which also provides Sales Center services to our Canadian Parent's franchisees) received ("Leads"); (ii) the number of jobs that were completed ("Jobs Completed"); (iii) the percentage of Jobs Completed to Leads; and (iv) the year-over-year growth in Jobs Completed between the 2023 and 2024 periods (the actual growth in number of Jobs Completed and the percentage of growth in Jobs Completed). The "Leads to Jobs Completed %" is often referred to as the "Closing Rate," reflecting the percentage of prospective customers that converted to paid customers.

2023	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	Totals	Average
# of Leads	2,269	2,110	2,601	1,153	937	816	1,018	595	949	1,354	910	613	15,325	1,277
# of Jobs Completed	2,057	1,869	2,283	1,056	821	757	934	524	863	1,189	764	458	13,575	1,131
Lead to Jobs Completed %	91%	89%	88%	92%	88%	93%	92%	88%	91%	88%	84%	75%	89%	89%
2024	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	Totals	Average
# of Leads	3,599	2,789	2,716	1,656	1,284	1,122	1,190	1,269	1,241	1,396	1,117	1,155	20,534	1,711
# of Jobs Completed	3,300	2,473	2,260	1,514	1,110	1,011	1,053	897	1,136	1,168	893	887	17,702	1,475
Lead to Jobs Completed %	92%	89%	83%	91%	86%	90%	88%	71%	92%	84%	80%	77%	86%	86%
Jobs Completed Growth	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	Totals	Average
YOY GROWTH 2024 v 2023	1,243	604	-23	458	289	254	119	373	273	-21	129	429	4,127	344
YOY GROWTH %	60%	32%	-1%	43%	35%	34%	13%	71%	32%	-2%	17%	94%		

Section V
Year-Over-Year Revenue Growth by Disclosed CN Business

The following tables in this Section V disclose the Net Revenue each Disclosed CN Business earned during the 2023 and 2024 periods (as such periods are defined above) along with the year-over-year growth in Net Revenue between the 2023 and 2024 periods (the actual growth in Net Revenue and the percentage of growth in Net Revenue). Tables 1 & 2 disclose this data in Canadian Dollars as it was reported to our Canadian Parent by the Disclosed CN Businesses. Tables 3 & 4 disclose the same data in U.S. Dollars, using the currency exchange rate described above.

Tables 1 & 2 – Year-Over-Year Net Revenue Growth by Location (CAD)

YEAR BUSINESS OPENED	May 2010	August 2014	December 2011	March 2017	December 2021	October 2022	August 2009	March 2011	August 2016	September 2023	July 2018	June 2021
	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton
2023 Net Revenue	\$3,309,682	\$2,005,532	\$1,563,114	\$870,897	\$769,740	\$582,393	\$782,817	\$673,436	\$772,486	\$582,042	\$542,813	\$301,122
2024 Net Revenue	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504
YOY GROWTH - 2024 v 2023	\$736,719	\$43,101	\$205,537	\$418,667	\$438,038	\$427,249	\$104,025	\$166,363	-\$18,918	\$146,766	-\$14,682	\$149,382
YOY GROWTH RATE %	22%	2%	13%	48%	57%	73%	13%	25%	-2%	25%	-3%	50%

2023 Net Revenue (CAD)	
Average Net Revenue	\$1,063,006
Median Net Revenue	\$771,113
# that Met or Exceeded Average Net Revenue	3
% that Met or Exceeded Average Net Revenue	25%
2024 Net Revenue (CAD)	
Average Net Revenue	\$1,296,527
Median Net Revenue	\$948,242
# that Met or Exceeded Average Net Revenue	3
% that Met or Exceeded Average Net Revenue	25%

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Tables 3 & 4 – Year-Over-Year Net Revenue Growth by Location (USD)

YEAR BUSINESS OPENED	May 2010	August 2014	December 2011	March 2017	December 2021	October 2022	August 2009	March 2011	August 2016	September 2023	July 2018	June 2021
	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton
2023 Net Revenue	\$2,416,068	\$1,464,038	\$1,141,073	\$635,755	\$561,910	\$425,147	\$571,456	\$491,608	\$563,915	\$424,891	\$396,253	\$219,819
2024 Net Revenue	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868
YOY GROWTH - 2024 v 2023	\$537,805	\$31,464	\$150,042	\$305,627	\$319,768	\$311,892	\$75,938	\$121,445	-\$13,810	\$107,139	-\$10,718	\$109,049
YOY GROWTH RATE %	22%	2%	13%	48%	57%	73%	13%	25%	-2%	25%	-3%	50%

2023 Net Revenue (USD)	
Average Net Revenue	\$775,995
Median Net Revenue	\$562,912
# that Met or Exceeded Average Net Revenue	3
% that Met or Exceeded Average Net Revenue	25%
2024 Net Revenue (USD)	
Average Net Revenue	\$946,465
Median Net Revenue	\$692,217
# that Met or Exceeded Average Net Revenue	3
% that Met or Exceeded Average Net Revenue	25%

Section VI
Net Revenue by Category of Service

In this Section VI, Table 1 discloses the historical average Net Revenue that each Disclosed CN Business earned from each category of Approved Services during the 2024 Measurement Period, and Table 2 discloses the portion of the total Approved Services provided by each Disclosed CN Business during the 2023 and 2024 periods (as those periods are defined above) comprised of each category of the Approved Services.

Below is a summary of each category of the Approved Services:

Residential: In the Residential sector, Modern PURAIR Businesses provide thorough cleaning of air ducts/vents, furnaces, dryer vents, and bathroom fans for homes, townhomes, apartments, cottages, and mobile homes.

Dryer Vent: Specializing in Dryer Vent cleaning, Modern PURAIR Businesses cater to strata and HOA-managed properties, apartments, condos, gyms, tanning salons, and retirement homes, preventing fire hazards and optimizing efficiency.

Commercial: A Modern PURAIR Business's Commercial services extend to office spaces, shopping malls, hospitals, medical/dental clinics, schools, manufacturing facilities, sports arenas, and more, improving air quality in virtually any workspace.

Restoration: Restoration services support both residential and commercial properties affected by fire or water damage, as well as rebuilds and new construction projects, ensuring safe and clean air after restoration work.

Table 1 –Average Net Revenue by Category of Service (CAD)

2024	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	System-wide
Residential	\$788	\$520	\$734	\$497	\$563	\$556	\$696	\$698	\$485	\$531	\$458	\$373	\$636
Dryer Vent	\$1,076	\$548	\$832	\$905	\$883	\$966	\$756	\$825	\$562	\$700	\$676	\$1,065	\$824
Commercial	\$1,295	\$1,239	\$1,202	\$1,069	\$3,294	\$1,930	\$1,190	\$2,023	\$1,352	\$1,196	\$1,200	\$1,104	\$1,381
Restoration	\$1,592	\$893	\$1,373	\$1,538	\$2,599	\$4,207	\$1,333	\$1,613	\$897	\$1,038	\$1,329	\$790	\$1,483

Table 2 –Average Net Revenue by Category of Service (USD)

2024	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	System-wide
Residential	\$575	\$379	\$536	\$362	\$411	\$406	\$508	\$509	\$354	\$387	\$334	\$272	\$464
Dryer Vent	\$786	\$400	\$607	\$661	\$645	\$705	\$552	\$602	\$410	\$511	\$493	\$777	\$602
Commercial	\$946	\$904	\$878	\$780	\$2,404	\$1,409	\$868	\$1,477	\$987	\$873	\$876	\$806	\$1,008
Restoration	\$1,162	\$652	\$1,003	\$1,122	\$1,897	\$3,071	\$973	\$1,178	\$655	\$757	\$970	\$577	\$1,082

Table 3 – 2023 and 2024 Categories of Approved Services by Percentage

2023	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	System-wide
Residential	51%	17%	34%	24%	33%	23%	51%	25%	35%	69%	31%	32%	37%
Dryer Vent	15%	9%	19%	46%	9%	11%	19%	4%	25%	8%	15%	7%	16%
Commercial	18%	51%	28%	24%	38%	30%	22%	66%	34%	15%	25%	22%	31%
Restoration	16%	23%	18%	6%	20%	36%	8%	6%	6%	7%	30%	6%	16%

2024	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	System-wide
Residential	50%	16%	57%	20%	22%	25%	48%	28%	38%	51%	33%	40%	37%
Dryer Vent	18%	10%	10%	40%	10%	14%	18%	3%	26%	16%	13%	25%	17%
Commercial	18%	48%	17%	32%	32%	20%	29%	63%	32%	28%	23%	21%	30%
Restoration	14%	26%	15%	8%	35%	41%	5%	6%	4%	6%	31%	14%	17%

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Section VII

2024 Itemized Financial Performance by Location

The following tables disclose the itemized historical financial performance of the Disclosed CN Businesses during the 2024 Measurement Period. Table 1 discloses this data in Canadian Dollars as it was reported to our Canadian Parent by the Disclosed CN Businesses. Table 2 discloses the same data in U.S. Dollars, using the currency exchange rate described above.

Table 1 – Itemized Financial Performance by Disclosed CN Business (CAD)

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321
COGS + GROSS PROFIT													
PURCHASES	\$136,489	\$69,877	\$94,588	\$30,099	\$23,870	\$15,358	\$32,338	\$21,486	\$18,850	\$31,443	\$1,934	\$11,783	\$488,114
CC PROCESSING	\$55,818	\$30,485	\$39,946	\$9,217	\$7,695	\$7,644	\$13,387	\$7,318	\$10,077	\$6,798	\$7,758	\$5,340	\$201,482
SPECIALIZED CONTRACT LABOR	\$15,195	\$13,255	\$47,360	\$0	\$0	\$1,422	\$0	\$0	\$0	\$25,962	\$2,470	\$0	\$105,664
TECH COMPENSATION	\$1,017,994	\$415,241	\$428,083	\$386,367	\$151,052	\$287,503	\$202,033	\$179,939	\$183,035	\$225,491	\$216,997	\$143,359	\$3,837,093
SPRINTER + EQUIPMENT EXPENSES	\$499,095	\$271,355	\$200,996	\$198,236	\$159,491	\$173,857	\$128,340	\$164,979	\$108,554	\$173,677	\$70,455	\$105,644	\$2,254,680
TOTAL COGS	\$1,724,590	\$800,214	\$810,974	\$623,919	\$342,109	\$485,784	\$376,097	\$373,721	\$320,515	\$463,371	\$299,612	\$266,126	\$6,887,033
TOTAL COGS AS % OF NET REVENUE	42.62%	39.06%	45.85%	48.38%	28.33%	48.11%	42.41%	44.50%	42.53%	63.58%	56.73%	59.07%	44.27%
GROSS PROFIT	\$2,321,811	\$1,248,419	\$957,677	\$665,645	\$865,669	\$523,858	\$510,745	\$466,078	\$433,053	\$265,437	\$228,519	\$184,378	\$8,671,288
CERTAIN EXPENSES													
IMPUTED ROYALTY FEES	\$283,248	\$143,404	\$123,806	\$90,269	\$84,544	\$70,675	\$62,079	\$58,786	\$52,750	\$51,017	\$36,969	\$31,535	\$1,089,082
IMPUTED SALES CENTER FEES	\$242,784	\$122,918	\$106,119	\$77,374	\$72,467	\$60,579	\$53,211	\$50,388	\$45,214	\$43,728	\$31,688	\$27,030	\$933,499
IMPUTED TECHNOLOGY FEES	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$72,000
IMPUTED BRAND FUND CONTRIBUTIONS	\$40,464	\$20,486	\$17,687	\$12,896	\$12,078	\$10,096	\$8,868	\$8,398	\$7,536	\$7,288	\$5,281	\$4,505	\$155,583
MANAGEMENT EXPENSES	\$256,308	\$141,047	\$178,565	\$132,895	\$0	\$163,699	\$88,762	\$89,134	\$0	\$69,634	\$0	\$0	\$1,120,044
ADVERTISING/MARKETING	\$133,984	\$76,693	\$82,921	\$47,931	\$34,990	\$132,958	\$34,199	\$34,241	\$65,293	\$15,631	\$640	\$51,157	\$710,636
BUSINESS DEVELOPMENT - SALES	\$0	\$126,202	\$32,519	\$5,349	\$21,825	\$0	\$36,803	\$68,130	\$0	\$3,865	\$36,414	\$0	\$331,106
RENT	\$36,032	\$65,799	\$33,448	\$33,807	\$0	\$20,195	\$10,514	\$24,313	\$15,000	\$13,340	\$7,029	\$0	\$259,477
UTILITIES	\$4,714	\$0	\$0	\$0	\$230	\$0	\$0	\$1,436	\$0	\$0	\$1,886	\$0	\$8,266
TELEPHONE	\$33,750	\$9,888	\$9,997	\$1,112	\$4,320	\$5,227	\$8,314	\$9,214	\$2,061	\$3,569	\$2,852	\$1,813	\$92,118
COMPUTER + INTERNET	\$7,703	\$8,697	\$4,188	\$6,725	\$1,541	\$399	\$1,072	\$0	\$0	\$0	\$0	\$0	\$30,325
INSURANCE	\$16,469	\$13,761	\$10,192	\$5,552	\$2,444	\$3,130	\$3,565	\$2,541	\$2,723	\$2,820	\$7,556	\$6,935	\$77,687
GENERAL OPERATIONS	\$96,490	\$19,755	\$44,308	\$20,245	\$16,985	\$20,454	\$20,848	\$18,859	\$21,447	\$25,409	\$10,246	\$5,275	\$320,321
TOTAL CERTAIN EXPENSES	\$1,157,945	\$754,651	\$649,749	\$440,155	\$257,424	\$493,412	\$334,235	\$371,440	\$218,024	\$242,300	\$146,561	\$134,250	\$5,200,146
NET REVENUE MINUS TOTAL CERTAIN EXPENSES	\$1,163,866	\$493,768	\$307,928	\$225,490	\$608,246	\$30,446	\$176,510	\$94,638	\$215,029	\$23,137	\$81,957	\$50,128	\$3,471,142
NET REVENUE MINUS TOTAL CERTAIN EXPENSES AS % OF NET REVENUE	29%	24%	17%	17%	50%	3%	20%	11%	29%	3%	16%	11%	22%

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Table 2 – Itemized Financial Performance by Disclosed CN Business (USD)

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868	\$11,357,574
COGS + GROSS PROFIT													
PURCHASES	\$99,637	\$51,011	\$69,049	\$21,972	\$17,425	\$11,211	\$23,607	\$15,684	\$13,760	\$22,953	\$1,411	\$8,602	\$356,323
CC PROCESSING	\$40,747	\$22,254	\$29,161	\$6,728	\$5,618	\$5,580	\$9,772	\$5,342	\$7,356	\$4,962	\$5,663	\$3,898	\$147,082
SPECIALIZED CONTRACT LABOR	\$11,092	\$9,676	\$34,573	\$0	\$0	\$1,038	\$0	\$0	\$0	\$18,952	\$1,803	\$0	\$77,135
TECH COMPENSATION	\$743,136	\$303,126	\$312,501	\$282,048	\$110,268	\$209,878	\$147,484	\$131,355	\$133,616	\$164,609	\$158,408	\$104,652	\$2,801,078
SPRINTER + EQUIPMENT EXPENSES	\$364,339	\$198,090	\$146,727	\$144,712	\$116,429	\$126,916	\$93,688	\$120,435	\$79,244	\$126,784	\$51,432	\$77,120	\$1,645,916
TOTAL COGS	\$1,258,951	\$584,157	\$592,011	\$455,461	\$249,739	\$354,622	\$274,551	\$272,817	\$233,976	\$338,261	\$218,717	\$194,272	\$5,027,534
TOTAL COGS AS % OF NET REVENUE	42.62%	39.06%	45.85%	48.38%	28.33%	48.11%	42.41%	44.50%	42.53%	63.58%	56.73%	59.07%	44.27%
GROSS PROFIT	\$1,694,922	\$911,346	\$699,104	\$485,921	\$631,939	\$382,416	\$372,844	\$340,237	\$316,129	\$193,769	\$166,819	\$134,596	\$6,330,040
CERTAIN EXPENSES													
IMPUTED ROYALTY FEES	\$206,771	\$104,685	\$90,378	\$65,897	\$61,717	\$51,593	\$45,318	\$42,914	\$38,507	\$37,242	\$26,987	\$23,021	\$795,030
IMPUTED SALES CENTER FEES	\$177,232	\$89,730	\$77,467	\$56,483	\$52,901	\$44,222	\$38,844	\$36,783	\$33,006	\$31,922	\$23,132	\$19,732	\$681,454
IMPUTED TECHNOLOGY FEES	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$4,380	\$52,560
IMPUTED BRAND FUND CONTRIBUTIONS	\$29,539	\$14,955	\$12,911	\$9,414	\$8,817	\$7,370	\$6,474	\$6,131	\$5,501	\$5,320	\$3,855	\$3,289	\$113,576
MANAGEMENT EXPENSES	\$187,105	\$102,964	\$130,352	\$97,013	\$0	\$119,500	\$64,796	\$65,068	\$0	\$50,833	\$0	\$0	\$817,632
ADVERTISING/MARKETING	\$97,808	\$55,986	\$60,532	\$34,989	\$25,543	\$97,059	\$24,966	\$24,996	\$47,664	\$11,410	\$467	\$37,344	\$518,765
BUSINESS DEVELOPMENT - SALES	\$0	\$92,127	\$23,739	\$3,905	\$15,932	\$0	\$26,866	\$49,735	\$0	\$2,821	\$26,582	\$0	\$241,707
RENT	\$26,303	\$48,033	\$24,417	\$24,679	\$0	\$14,742	\$7,675	\$17,749	\$10,950	\$9,738	\$5,131	\$0	\$189,418
UTILITIES	\$3,441	\$0	\$0	\$0	\$168	\$0	\$0	\$1,048	\$0	\$0	\$1,377	\$0	\$6,035
TELEPHONE	\$24,638	\$7,218	\$7,298	\$812	\$3,153	\$3,816	\$6,069	\$6,726	\$1,504	\$2,605	\$2,082	\$1,324	\$67,246
COMPUTER + INTERNET	\$5,623	\$6,349	\$3,057	\$4,909	\$1,125	\$291	\$783	\$0	\$0	\$0	\$0	\$0	\$22,137
INSURANCE	\$12,022	\$10,045	\$7,440	\$4,053	\$1,784	\$2,285	\$2,602	\$1,855	\$1,988	\$2,059	\$5,516	\$5,063	\$56,712
GENERAL OPERATIONS	\$70,437	\$14,421	\$32,345	\$14,779	\$12,399	\$14,932	\$15,219	\$13,767	\$15,656	\$18,548	\$7,479	\$3,851	\$233,835
TOTAL CERTAIN EXPENSES	\$845,300	\$550,895	\$474,317	\$321,313	\$187,919	\$360,191	\$243,991	\$271,151	\$159,157	\$176,879	\$106,990	\$98,003	\$3,796,106
NET REVENUE MINUS TOTAL CERTAIN EXPENSES	\$849,622	\$360,451	\$224,787	\$164,608	\$444,019	\$22,225	\$128,852	\$69,086	\$156,971	\$16,890	\$59,829	\$36,593	\$2,533,934
NET REVENUE MINUS TOTAL CERTAIN EXPENSES AS % OF NET REVENUE	29%	24%	17%	17%	50%	3%	20%	11%	29%	3%	16%	11%	22%

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Section VIII

All COGS as % of Net Revenue

The following tables disclose the different categories of Cost of Goods Sold (“COGS”) expenses that the Disclosed CN Businesses incurred during the 2024 Measurement Period and the applicable percentage of Net Revenue for each expense category. Table 1 discloses the expense amounts in Canadian Dollars as they were reported to our Canadian Parent by the Disclosed CN Businesses. Table 2 discloses the same data in U.S. Dollars, using the currency exchange rate described above.

Table 1 – All COGS as % of Net Revenue (CAD)

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321
PURCHASES	\$136,489	\$69,877	\$94,588	\$30,099	\$23,870	\$15,358	\$32,338	\$21,486	\$18,850	\$31,443	\$1,934	\$11,783	\$488,114
CC PROCESSING	\$55,818	\$30,485	\$39,946	\$9,217	\$7,695	\$7,644	\$13,387	\$7,318	\$10,077	\$6,798	\$7,758	\$5,340	\$201,482
SPECIALIZED CONTRACT LABOR	\$15,195	\$13,255	\$47,360	\$0	\$0	\$1,422	\$0	\$0	\$0	\$25,962	\$2,470	\$0	\$105,664
TECH COMPENSATION	\$1,017,994	\$415,241	\$428,083	\$386,367	\$151,052	\$287,503	\$202,033	\$179,939	\$183,035	\$225,491	\$216,997	\$143,359	\$3,837,093
SPRINTER + EQUIPMENT EXPENSES	\$499,095	\$271,355	\$200,996	\$198,236	\$159,491	\$173,857	\$128,340	\$164,979	\$108,554	\$173,677	\$70,455	\$105,644	\$2,254,680
TOTAL COGS	\$1,724,590	\$800,214	\$810,974	\$623,919	\$342,109	\$485,784	\$376,097	\$373,721	\$320,515	\$463,371	\$299,612	\$266,126	\$6,887,033
TOTAL COGS AS % OF NET REVENUE	42.6%	39.1%	45.9%	48.4%	28.3%	48.1%	42.4%	44.5%	42.5%	63.6%	56.7%	59.1%	44.3%

Percentage of Net Revenue

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321
PURCHASES	3.4%	3.4%	5.3%	2.3%	2.0%	1.5%	3.6%	2.6%	2.5%	4.3%	0.4%	2.6%	3.1%
CC PROCESSING	1.4%	1.5%	2.3%	0.7%	0.6%	0.8%	1.5%	0.9%	1.3%	0.9%	1.5%	1.2%	1.3%
SPECIALIZED CONTRACT LABOR	0.4%	0.6%	2.7%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	3.6%	0.5%	0.0%	0.7%
TECH COMPENSATION	25.2%	20.3%	24.2%	30.0%	12.5%	28.5%	22.8%	21.4%	24.3%	30.9%	41.1%	31.8%	24.7%
SPRINTER + EQUIPMENT EXPENSES	12.3%	13.2%	11.4%	15.4%	13.2%	17.2%	14.5%	19.6%	14.4%	23.8%	13.3%	23.5%	14.5%
TOTAL COGS	42.6%	39.1%	45.9%	48.4%	28.3%	48.1%	42.4%	44.5%	42.5%	63.6%	56.7%	59.1%	44.3%

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Table 2 – All COGS as % of Net Revenue (USD)

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868	\$11,357,574
PURCHASES	\$99,637	\$51,011	\$69,049	\$21,972	\$17,425	\$11,211	\$23,607	\$15,684	\$13,760	\$22,953	\$1,411	\$8,602	\$356,323
CC PROCESSING	\$40,747	\$22,254	\$29,161	\$6,728	\$5,618	\$5,580	\$9,772	\$5,342	\$7,356	\$4,962	\$5,663	\$3,898	\$147,082
SPECIALIZED CONTRACT LABOR	\$11,092	\$9,676	\$34,573	\$0	\$0	\$1,038	\$0	\$0	\$0	\$18,952	\$1,803	\$0	\$77,135
TECH COMPENSATION	\$743,136	\$303,126	\$312,501	\$282,048	\$110,268	\$209,878	\$147,484	\$131,355	\$133,616	\$164,609	\$158,408	\$104,652	\$2,801,078
SPRINTER + EQUIPMENT EXPENSES	\$364,339	\$198,090	\$146,727	\$144,712	\$116,429	\$126,916	\$93,688	\$120,435	\$79,244	\$126,784	\$51,432	\$77,120	\$1,645,916
TOTAL COGS	\$1,258,951	\$584,157	\$592,011	\$455,461	\$249,739	\$354,622	\$274,551	\$272,817	\$233,976	\$338,261	\$218,717	\$194,272	\$5,027,534
TOTAL COGS %	42.6%	39.1%	45.9%	48.4%	28.3%	48.1%	42.4%	44.5%	42.5%	63.6%	56.7%	59.1%	44.3%
Percentage of Net Revenue													
CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868	\$11,357,574
PURCHASES	3.4%	3.4%	5.3%	2.3%	2.0%	1.5%	3.6%	2.6%	2.5%	4.3%	0.4%	2.6%	3.1%
CC PROCESSING	1.4%	1.5%	2.3%	0.7%	0.6%	0.8%	1.5%	0.9%	1.3%	0.9%	1.5%	1.2%	1.3%
SPECIALIZED CONTRACT LABOR	0.4%	0.6%	2.7%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	3.6%	0.5%	0.0%	0.7%
TECH COMPENSATION	25.2%	20.3%	24.2%	30.0%	12.5%	28.5%	22.8%	21.4%	24.3%	30.9%	41.1%	31.8%	24.7%
SPRINTER + EQUIPMENT EXPENSES	12.3%	13.2%	11.4%	15.4%	13.2%	17.2%	14.5%	19.6%	14.4%	23.8%	13.3%	23.5%	14.5%
TOTAL COGS	42.6%	39.1%	45.9%	48.4%	28.3%	48.1%	42.4%	44.5%	42.5%	63.6%	56.7%	59.1%	44.3%

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Section IX

Labor COGS as % of Net Revenue

The following tables disclose the different categories of Labor expenses under Cost of Goods Sold (“COGS”) that the Disclosed CN Businesses incurred during the 2024 Measurement Period and the applicable percentage of Net Revenue for each Labor expense category. Table 1 discloses the expense amounts in Canadian Dollars as they were reported to our Canadian Parent by the Disclosed CN Businesses. Table 2 discloses the same data in U.S. Dollars, using the currency exchange rate described above.

Table 1 – Labor COGS as % of Net Revenue (CAD)

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321
SPECIALIZED CONTRACTORS	\$15,195	\$13,255	\$47,360	\$0	\$0	\$1,422	\$0	\$0	\$0	\$25,962	\$2,470	\$0	\$105,664
DIRECT WAGES	\$883,923	\$363,335	\$384,984	\$331,585	\$137,810	\$251,948	\$178,491	\$159,757	\$162,581	\$200,839	\$203,219	\$131,773	\$3,390,245
PAYROLL TAX	\$87,200	\$35,145	\$27,811	\$41,165	\$11,016	\$18,867	\$15,835	\$12,305	\$15,652	\$22,118	\$10,273	\$10,098	\$307,485
PAYROLL FEES	\$2,366	\$1,600	\$1,171	\$1,696	\$466	\$880	\$278	\$999	\$0	\$843	\$458	\$0	\$10,756
WORKERS COMP	\$44,505	\$15,162	\$14,118	\$11,920	\$1,759	\$15,808	\$7,430	\$6,877	\$4,802	\$1,690	\$3,046	\$1,488	\$128,607
TOTALS	\$1,033,189	\$428,496	\$475,443	\$386,367	\$151,052	\$288,925	\$202,033	\$179,939	\$183,035	\$251,453	\$219,466	\$143,359	\$3,942,757
LABOR - COGS % OF NET REVENUE	25.5%	20.9%	26.9%	30.0%	12.5%	28.6%	22.8%	21.4%	24.3%	34.5%	41.6%	31.8%	25.3%

Percentage of Net Revenue													
CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321
SPECIALIZED CONTRACTORS	0.4%	0.6%	2.7%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	3.6%	0.5%	0.0%	0.7%
DIRECT WAGES	21.8%	17.7%	21.8%	25.7%	11.4%	25.0%	20.1%	19.0%	21.6%	27.6%	38.5%	29.3%	21.8%
PAYROLL TAX	2.2%	1.7%	1.6%	3.2%	0.9%	1.9%	1.8%	1.5%	2.1%	3.0%	1.9%	2.2%	2.0%
PAYROLL FEES	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%
WORKERS COMP	1.1%	0.7%	0.8%	0.9%	0.1%	1.6%	0.8%	0.8%	0.6%	0.2%	0.6%	0.3%	0.8%
TOTALS	25.5%	20.9%	26.9%	30.0%	12.5%	28.6%	22.8%	21.4%	24.3%	34.5%	41.6%	31.8%	25.3%

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Table 2 – Labor COGS as % of Net Revenue (USD)

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868	\$11,357,574
SPECIALIZED CONTRACTORS	\$11,092	\$9,676	\$34,573	\$0	\$0	\$1,038	\$0	\$0	\$0	\$18,952	\$1,803	\$0	\$77,135
DIRECT WAGES	\$645,264	\$265,234	\$281,038	\$242,057	\$100,601	\$183,922	\$130,298	\$116,622	\$118,684	\$146,613	\$148,350	\$96,194	\$2,474,879
PAYROLL TAX	\$63,656	\$25,656	\$20,302	\$30,051	\$8,042	\$13,773	\$11,559	\$8,983	\$11,426	\$16,146	\$7,499	\$7,371	\$224,464
PAYROLL FEES	\$1,727	\$1,168	\$854	\$1,238	\$340	\$642	\$203	\$730	\$0	\$616	\$334	\$0	\$7,852
WORKERS COMP	\$32,489	\$11,068	\$10,306	\$8,702	\$1,284	\$11,540	\$5,424	\$5,021	\$3,506	\$1,234	\$2,224	\$1,086	\$93,883
TOTALS	\$754,228	\$312,802	\$347,074	\$282,048	\$110,268	\$210,916	\$147,484	\$131,355	\$133,616	\$183,561	\$160,210	\$104,652	\$2,878,213
LABOR - COGS % OF NET REVENUE	25.5%	20.9%	26.9%	30.0%	12.5%	28.6%	22.8%	21.4%	24.3%	34.5%	41.6%	31.8%	25.3%

Percentage of Net Revenue

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	25.5%	20.9%	26.9%	30.0%	12.5%	28.6%	22.8%	21.4%	24.3%	34.5%	41.6%	31.8%	25.3%
SPECIALIZED CONTRACTORS	0.4%	0.6%	2.7%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	3.6%	0.5%	0.0%	0.7%
DIRECT WAGES	21.8%	17.7%	21.8%	25.7%	11.4%	25.0%	20.1%	19.0%	21.6%	27.6%	38.5%	29.3%	21.8%
PAYROLL TAX	2.2%	1.7%	1.6%	3.2%	0.9%	1.9%	1.8%	1.5%	2.1%	3.0%	1.9%	2.2%	2.0%
PAYROLL FEES	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%
WORKERS COMP	1.1%	0.7%	0.8%	0.9%	0.1%	1.6%	0.8%	0.8%	0.6%	0.2%	0.6%	0.3%	0.8%
TOTALS	25.5%	20.9%	26.9%	30.0%	12.5%	28.6%	22.8%	21.4%	24.3%	34.5%	41.6%	31.8%	25.3%

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Section X
Vehicle Expense COGS as % of Net Revenue

The following tables disclose the different categories of Vehicle expenses under Cost of Goods Sold (“COGS”) that the Disclosed CN Businesses incurred during the 2024 Measurement Period and the applicable percentage of Net Revenue for each Vehicle expense category. Table 1 discloses the expense amounts in Canadian Dollars as they were reported to our Canadian Parent by the Disclosed CN Businesses. Table 2 discloses the same data in U.S. Dollars, using the currency exchange rate described above.

Table 1 – Vehicle Expense COGS as % of Net Revenue (CAD)

TOTAL SPRINTERS	11	8	6	5	3	4	3	3	3	3	2	2	53
TOTAL SPRINTERS FINANCED	8	8	5	5	3	4	3	3	3	3	0	2	47
CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321
Equipment Rental COS	\$47,687	\$17,227	\$17,469	\$15,597	\$4,867	\$5,824	\$5,678	-\$8,736	\$1,358	\$10,168	\$0	\$146	\$117,286
Vehicle Direct Service: R&M	\$67,518	\$36,449	\$27,195	\$34,095	\$22,675	\$9,290	\$15,725	\$8,769	\$7,484	\$18,397	\$39,733	\$4,311	\$291,641
Vehicle Direct Service: Fuel	\$108,658	\$54,217	\$43,120	\$29,070	\$17,714	\$18,660	\$19,332	\$20,348	\$13,692	\$19,950	\$19,730	\$13,408	\$377,898
Vehicle Direct Service: Insurance	\$28,451	\$21,231	\$32,688	\$5,043	\$5,517	\$12,222	\$13,264	\$14,608	\$9,783	\$8,647	\$10,993	\$10,976	\$173,423
Vehicle Supplies	\$48,741	\$26,398	\$0	\$22,081	\$35,311	\$10,709	\$9,442	\$16,556	\$29,084	\$26,925	\$0	\$7,708	\$232,954
Sprinter Lease #1	\$28,196	\$6,242	\$33,756	\$4,175	\$33,468	\$32,048	\$9,181	\$35,930	\$6,581	\$19,046	-	\$34,548	\$243,171
Sprinter Lease #2	\$7,152	\$8,215	\$20,440	\$6,602	\$32,388	\$33,114	\$46,948	\$36,362	\$8,742	\$32,356	-	\$34,548	\$266,867
Sprinter Lease #3	\$6,047	\$28,548	\$7,132	\$33,384	\$7,552	\$32,048	\$8,770	\$41,141	\$31,830	\$38,188	-	-	\$234,640
Sprinter Lease #4	\$35,811	\$8,214	\$5,423	\$37,095	-	\$19,942	-	-	-	-	-	-	\$106,484
Sprinter Lease #5	\$7,669	\$8,196	\$13,774	\$11,094	-	-	-	-	-	-	-	-	\$40,733
Sprinter Lease #6	\$33,920	\$8,196	-	-	-	-	-	-	-	-	-	-	\$42,116
Sprinter Lease #7	\$34,004	\$32,148	-	-	-	-	-	-	-	-	-	-	\$66,152
Sprinter Lease #8	\$45,241	\$16,074	-	-	\$0	-	-	-	-	-	-	-	\$61,315
TOTALS	\$499,095	\$271,355	\$200,996	\$198,236	\$159,491	\$173,857	\$128,340	\$164,979	\$108,554	\$173,677	\$70,455	\$105,644	\$2,254,680
% OF NET REVENUE	12.3%	13.2%	11.4%	15.4%	13.2%	17.2%	14.5%	19.6%	14.4%	23.8%	13.3%	23.5%	14.5%

Percentage of Net Revenue													
CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321
Equipment Rental COS	1.2%	0.8%	1.0%	1.2%	0.4%	0.6%	0.6%	-1.0%	0.2%	1.4%	0.0%	0.0%	0.8%
Vehicle Direct Service: R&M	1.7%	1.8%	1.5%	2.6%	1.9%	0.9%	1.8%	1.0%	1.0%	2.5%	7.5%	1.0%	1.9%
Vehicle Direct Service: Fuel	2.7%	2.6%	2.4%	2.3%	1.5%	1.8%	2.2%	2.4%	1.8%	2.7%	3.7%	3.0%	2.4%
Vehicle Direct Service: Insurance	0.7%	1.0%	1.8%	0.4%	0.5%	1.2%	1.5%	1.7%	1.3%	1.2%	2.1%	2.4%	1.1%
Vehicle Supplies	1.2%	1.3%	0.0%	1.7%	2.9%	1.1%	1.1%	2.0%	3.9%	3.7%	0.0%	1.7%	1.5%
Lease Payments	4.9%	5.7%	4.6%	7.2%	6.1%	11.6%	7.3%	13.5%	6.3%	12.3%	0.0%	15.3%	6.8%
% OF NET REVENUE	12.3%	13.2%	11.4%	15.4%	13.2%	17.2%	14.5%	19.6%	14.4%	23.8%	13.3%	23.5%	14.5%

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Table 2 – Vehicle Expense COGS as % of Net Revenue (USD)

TOTAL SPRINTERS	8	8	7	5	3	4	4	3	3	3	2	2	52
TOTAL SPRINTERS FINANCED	8	8	5	5	3	4	3	3	3	3	0	2	47
CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868	\$11,357,574
Equipment Rental COS	\$34,812	\$12,576	\$12,752	\$11,386	\$3,553	\$4,252	\$4,145	-\$6,377	\$992	\$7,423	\$0	\$107	\$85,618
Vehicle Direct Service: R&M	\$49,288	\$26,608	\$19,852	\$24,889	\$16,553	\$6,782	\$11,479	\$6,401	\$5,463	\$13,430	\$29,005	\$3,147	\$212,898
Vehicle Direct Service: Fuel	\$79,320	\$39,578	\$31,478	\$21,221	\$12,931	\$13,622	\$14,112	\$14,854	\$9,995	\$14,564	\$14,403	\$9,788	\$275,866
Vehicle Direct Service: Insurance	\$20,769	\$15,499	\$23,862	\$3,682	\$4,028	\$8,922	\$9,683	\$10,664	\$7,141	\$6,312	\$8,025	\$8,012	\$126,599
Vehicle Supplies	\$35,581	\$19,270	\$0	\$16,119	\$25,777	\$7,818	\$6,892	\$12,086	\$21,231	\$19,655	\$0	\$5,627	\$170,056
Sprinter Lease #1	\$20,583	\$4,556	\$24,642	\$3,048	\$24,432	\$23,395	\$6,702	\$26,229	\$4,804	\$13,904	\$0	\$25,220	\$177,515
Sprinter Lease #2	\$5,221	\$5,997	\$14,921	\$4,819	\$23,643	\$24,173	\$34,272	\$26,544	\$6,381	\$23,620	\$0	\$25,220	\$194,813
Sprinter Lease #3	\$4,414	\$20,840	\$5,206	\$24,370	\$5,513	\$23,395	\$6,402	\$30,033	\$23,236	\$27,877	\$0	\$0	\$171,288
Sprinter Lease #4	\$26,142	\$5,996	\$3,959	\$27,079	\$0	\$14,557	\$0	\$0	\$0	\$0	\$0	\$0	\$77,733
Sprinter Lease #5	\$5,598	\$5,983	\$10,055	\$8,099	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$29,735
Sprinter Lease #6	\$24,762	\$5,983	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,745
Sprinter Lease #7	\$24,823	\$23,468	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$48,291
Sprinter Lease #8	\$33,026	\$11,734	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,760
TOTALS	\$364,339	\$198,090	\$146,727	\$144,712	\$116,429	\$126,916	\$93,688	\$120,435	\$79,244	\$126,784	\$51,432	\$77,120	\$1,645,916
% OF NET REVENUE	12.3%	13.2%	11.4%	15.4%	13.2%	17.2%	14.5%	19.6%	14.4%	23.8%	13.3%	23.5%	14.5%
Percentage of Net Revenue													
CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868	\$11,357,574
Equipment Rental COS	1.2%	0.8%	1.0%	1.2%	0.4%	0.6%	0.6%	-1.0%	0.2%	1.4%	0.0%	0.0%	0.8%
Vehicle Direct Service: R&M	1.7%	1.8%	1.5%	2.6%	1.9%	0.9%	1.8%	1.0%	1.0%	2.5%	7.5%	1.0%	1.9%
Vehicle Direct Service: Fuel	2.7%	2.6%	2.4%	2.3%	1.5%	1.8%	2.2%	2.4%	1.8%	2.7%	3.7%	3.0%	2.4%
Vehicle Direct Service: Insurance	0.7%	1.0%	1.8%	0.4%	0.5%	1.2%	1.5%	1.7%	1.3%	1.2%	2.1%	2.4%	1.1%
Vehicle Supplies	1.2%	1.3%	0.0%	1.7%	2.9%	1.1%	1.1%	2.0%	3.9%	3.7%	0.0%	1.7%	1.5%
Lease Payments	4.9%	5.7%	4.6%	7.2%	6.1%	11.6%	7.3%	13.5%	6.3%	12.3%	0.0%	15.3%	6.8%
% OF NET REVENUE	12.3%	13.2%	11.4%	15.4%	13.2%	17.2%	14.5%	19.6%	14.4%	23.8%	13.3%	23.5%	14.5%

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Section XI

Management Operations Expenses as % of Net Revenue

The following tables disclose the different categories of Management Operations expenses that the Disclosed CN Businesses incurred during the 2024 Measurement Period and the applicable percentage of Net Revenue for each Management Operations expense category. Table 1 discloses the expense amounts in Canadian Dollars as they were reported to our Canadian Parent by the Disclosed CN Businesses. Table 2 discloses the same data in U.S. Dollars, using the currency exchange rate described above.

Table 1 – Management Operations Expense as % of Net Revenue (CAD)

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS	AVERAGE
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321	\$1,296,527
MANAGEMENT: SALES MANAGER	\$146,704	\$0	\$0	\$65,858	\$0	\$65,622	\$0	\$0	\$0	\$28,844	\$0	\$0	\$307,028	\$25,586
MANAGEMENT: OPS MANAGER	\$109,604	\$44,923	\$80,709	\$67,037	\$0	\$41,689	\$21,644	\$0	\$0	\$40,790	\$0	\$0	\$406,396	\$33,866
MANAGEMENT: GENERAL MANAGER	\$0	\$96,124	\$97,856	\$0	\$0	\$56,388	\$67,118	\$89,134	\$0	\$0	\$0	\$0	\$406,620	\$33,885
ADVERTISING/MARKETING	\$133,984	\$76,693	\$82,921	\$47,931	\$34,990	\$132,958	\$34,199	\$34,241	\$65,293	\$15,631	\$640	\$51,157	\$710,636	\$59,220
BUSINESS DEVELOPMENT - SALES	\$0	\$126,202	\$32,519	\$5,349	\$21,825	\$0	\$36,803	\$68,130	\$0	\$3,865	\$36,414	\$0	\$331,106	\$27,592
TOTALS	\$390,292	\$343,942	\$294,005	\$186,174	\$56,815	\$296,657	\$159,764	\$191,504	\$65,293	\$89,129	\$37,054	\$51,157	\$2,161,786	\$180,149
TOTALS AS % OF NET REVENUE	9.65%	16.79%	16.62%	14.44%	4.70%	29.38%	18.01%	22.80%	8.66%	12.23%	7.02%	11.36%	13.89%	13.89%

Percentage of Net Revenue

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS	AVERAGE
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321	\$1,296,527
MANAGEMENT: SALES MANAGER	3.63%	0.00%	0.00%	5.11%	0.00%	6.50%	0.00%	0.00%	0.00%	3.96%	0.00%	0.00%	1.97%	1.97%
MANAGEMENT: OPS MANAGER	2.71%	2.19%	4.56%	5.20%	0.00%	4.13%	2.44%	0.00%	0.00%	5.60%	0.00%	0.00%	2.61%	2.61%
MANAGEMENT: GENERAL MANAGER	0.00%	4.69%	5.53%	0.00%	0.00%	5.58%	7.57%	10.61%	0.00%	0.00%	0.00%	0.00%	2.61%	2.61%
ADVERTISING/MARKETING	3.31%	3.74%	4.69%	3.72%	2.90%	13.17%	3.86%	4.08%	8.66%	2.14%	0.12%	11.36%	4.57%	4.57%
BUSINESS DEVELOPMENT - SALES	9.65%	16.79%	16.62%	14.44%	4.70%	29.38%	18.01%	22.80%	8.66%	12.23%	7.02%	11.36%	13.89%	13.89%
TOTALS	9.65%	16.79%	16.62%	14.44%	4.70%	29.38%	18.01%	22.80%	8.66%	12.23%	7.02%	11.36%	13.89%	13.89%

Table 2 – Management Operations Expense as % of Net Revenue (USD)

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS	AVERAGE
NET REVENUE	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868	\$11,357,574	\$946,465
MANAGEMENT: SALES MANAGER	\$107,094	\$0	\$0	\$48,076	\$0	\$47,904	\$0	\$0	\$0	\$21,056	\$0	\$0	\$224,130	\$18,678
MANAGEMENT: OPS MANAGER	\$80,011	\$32,794	\$58,918	\$48,937	\$0	\$30,433	\$15,800	\$0	\$0	\$29,777	\$0	\$0	\$296,669	\$24,722
MANAGEMENT: GENERAL MANAGER	\$0	\$70,171	\$71,435	\$0	\$0	\$41,163	\$48,996	\$65,068	\$0	\$0	\$0	\$0	\$296,833	\$24,736
NET REVENUE	\$97,808	\$55,986	\$60,532	\$34,989	\$25,543	\$97,059	\$24,966	\$24,996	\$47,664	\$11,410	\$467	\$37,344	\$518,765	\$43,230
CATEGORY	\$0	\$92,127	\$23,739	\$3,905	\$15,932	\$0	\$26,866	\$49,735	\$0	\$2,821	\$26,582	\$0	\$241,707	\$20,142
TOTALS	\$284,913	\$251,077	\$214,623	\$135,907	\$41,475	\$216,559	\$116,628	\$139,798	\$47,664	\$65,064	\$27,050	\$37,344	\$1,578,104	\$131,509
TOTALS AS % OF NET REVENUE	9.65%	16.79%	16.62%	14.44%	4.70%	29.38%	18.01%	22.80%	8.66%	12.23%	7.02%	11.36%	13.89%	13.89%

Percentage of Net Revenue

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS	AVERAGE
NET REVENUE	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868	\$11,357,574	\$946,465
MANAGEMENT: SALES MANAGER	3.63%	0.00%	0.00%	5.11%	0.00%	6.50%	0.00%	0.00%	0.00%	3.96%	0.00%	0.00%	1.97%	1.97%
MANAGEMENT: OPS MANAGER	2.71%	2.19%	4.56%	5.20%	0.00%	4.13%	2.44%	0.00%	0.00%	5.60%	0.00%	0.00%	2.61%	2.61%
MANAGEMENT: GENERAL MANAGER	0.00%	4.69%	5.53%	0.00%	0.00%	5.58%	7.57%	10.61%	0.00%	0.00%	0.00%	0.00%	2.61%	2.61%
NET REVENUE	3.31%	3.74%	4.69%	3.72%	2.90%	13.17%	3.86%	4.08%	8.66%	2.14%	0.12%	11.36%	4.57%	4.57%
CATEGORY	9.65%	16.79%	16.62%	14.44%	4.70%	29.38%	18.01%	22.80%	8.66%	12.23%	7.02%	11.36%	13.89%	13.89%
TOTALS	9.65%	16.79%	16.62%	14.44%	4.70%	29.38%	18.01%	22.80%	8.66%	12.23%	7.02%	11.36%	13.89%	13.89%

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Section XII

General Operations Expenses as % of Net Revenue

The following tables disclose certain General Operations expenses that the Disclosed CN Businesses incurred during the 2024 Measurement Period and the applicable percentage of Net Revenue for each General Operations expense category. Table 1 discloses the expense amounts in Canadian Dollars as they were reported to our Canadian Parent by the Disclosed CN Businesses. Table 2 discloses the same data in U.S. Dollars, using the currency exchange rate described above.

Table 1 – General Operations Expense as % of Net Revenue (CAD)

GENERAL OPERATIONS	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321
BANK CHARGES	\$46,770	\$2,872	\$13,559	\$5,814	\$3,178	\$3,727	\$3,842	\$907	\$1,702	\$4,132	\$1,320	\$884	\$88,709
GENERAL ADMISITRATIVE EXPENSES	\$29,868	\$4,871	\$19,559	\$9,069	\$5,875	\$2,208	\$1,774	\$4,155	\$0	\$4,439	\$741	\$215	\$82,774
POSTAGE	\$2,842	\$433	\$0	\$0	\$430	\$0	\$0	\$0	\$1,004	\$0	\$273	\$18	\$5,000
OFFICE SUPPLIES	\$1,834	\$0	\$0	\$686	\$0	\$32	\$0	\$0	\$10,442	\$775	\$3,423	\$0	\$17,192
SAFETY + UNIFORMS	\$12,264	\$2,211	\$3,611	\$3,036	\$2,774	\$4,565	\$3,211	\$3,435	\$4,766	\$12,999	\$412	\$1,218	\$54,503
LICENSES + PERMITS	\$2,700	\$9,368	\$0	\$0	\$4,629	\$4,329	\$0	\$0	\$3,533	\$1,874	\$2,315	\$2,940	\$31,689
DUES + FEES	\$210	\$0	\$7,579	\$1,641	\$99	\$5,593	\$12,021	\$10,361	\$0	\$1,190	\$1,762	\$0	\$40,456
TOTAL GENERAL OPERATIONS	\$96,490	\$19,755	\$44,308	\$20,245	\$16,985	\$20,454	\$20,848	\$18,859	\$21,447	\$25,409	\$10,246	\$5,275	\$320,321
TOTAL GENERAL OPERATIONS AS % OF NET REVENUE	2.4%	1.0%	2.5%	1.6%	1.4%	2.0%	2.4%	2.2%	2.8%	3.5%	1.9%	1.2%	2.1%

Percentage of Net Revenue

GENERAL OPERATIONS	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$4,046,401	\$2,048,633	\$1,768,651	\$1,289,564	\$1,207,778	\$1,009,642	\$886,842	\$839,799	\$753,568	\$728,808	\$528,131	\$450,504	\$15,558,321
BANK CHARGES	1.2%	0.1%	0.8%	0.5%	0.3%	0.4%	0.4%	0.1%	0.2%	0.6%	0.2%	0.2%	0.6%
GENERAL ADMISITRATIVE EXPENSES	0.7%	0.2%	1.1%	0.7%	0.5%	0.2%	0.2%	0.5%	0.0%	0.6%	0.1%	0.0%	0.5%
POSTAGE	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%
OFFICE SUPPLIES	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	1.4%	0.1%	0.6%	0.0%	0.1%
SAFETY + UNIFORMS	0.3%	0.1%	0.2%	0.2%	0.2%	0.5%	0.4%	0.4%	0.6%	1.8%	0.1%	0.3%	0.4%
LICENSES + PERMITS	0.1%	0.5%	0.0%	0.0%	0.4%	0.4%	0.0%	0.0%	0.5%	0.3%	0.4%	0.7%	0.2%
DUES + FEES	0.0%	0.0%	0.4%	0.1%	0.0%	0.6%	1.4%	1.2%	0.0%	0.2%	0.3%	0.0%	0.3%
TOTAL GENERAL OPERATIONS	2.4%	1.0%	2.5%	1.6%	1.4%	2.0%	2.4%	2.2%	2.8%	3.5%	1.9%	1.2%	2.1%

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Table 2 – General Operations Expense as % of Net Revenue (USD)

CATEGORY	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	\$2,953,873	\$1,495,502	\$1,291,115	\$941,382	\$881,678	\$737,039	\$647,395	\$613,053	\$550,105	\$532,030	\$385,536	\$328,868	\$11,357,574
BANK CHARGES	\$34,142	\$2,097	\$9,898	\$4,244	\$2,320	\$2,721	\$2,805	\$662	\$1,242	\$3,016	\$964	\$645	\$64,757
GENERAL ADMISITRATIVE EXPENSES	\$21,804	\$3,556	\$14,278	\$6,621	\$4,289	\$1,611	\$1,295	\$3,033	\$0	\$3,240	\$541	\$157	\$60,425
POSTAGE	\$2,075	\$316	\$0	\$0	\$314	\$0	\$0	\$0	\$733	\$0	\$199	\$13	\$3,650
OFFICE SUPPLIES	\$1,339	\$0	\$0	\$500	\$0	\$24	\$0	\$0	\$7,622	\$566	\$2,499	\$0	\$12,550
SAFETY + UNIFORMS	\$8,953	\$1,614	\$2,636	\$2,216	\$2,025	\$3,332	\$2,344	\$2,508	\$3,479	\$9,489	\$301	\$889	\$39,787
LICENSES + PERMITS	\$1,971	\$6,839	\$0	\$0	\$3,379	\$3,160	\$0	\$0	\$2,579	\$1,368	\$1,690	\$2,146	\$23,133
DUES + FEES	\$153	\$0	\$5,533	\$1,198	\$72	\$4,083	\$8,775	\$7,564	\$0	\$869	\$1,286	\$0	\$29,533
TOTAL GENERAL OPERATIONS	\$70,437	\$14,421	\$32,345	\$14,779	\$12,399	\$14,932	\$15,219	\$13,767	\$15,656	\$18,548	\$7,479	\$3,851	\$233,835
TOTAL GENERAL OPERATIONS AS % OF NET REVENUE	2.4%	1.0%	2.5%	1.6%	1.4%	2.0%	2.4%	2.2%	2.8%	3.5%	1.9%	1.2%	2.1%

Percentage of Net Revenue													
GENERAL OPERATIONS	Kelowna	Calgary	Fraser Valley	Victoria	Barrie	Vancouver	South Okanagan	Kootenays	Nanaimo	Kamloops	Edmonton	Hamilton	TOTALS
NET REVENUE	2.953,873	1.495,502	1.291,115	941,382	881,678	737,039	647,395	613,053	550,105	532,030	385,536	328,868	11,357,574
BANK CHARGES	1.2%	0.1%	0.8%	0.5%	0.3%	0.4%	0.4%	0.1%	0.2%	0.6%	0.2%	0.2%	0.6%
GENERAL ADMISITRATIVE EXPENSES	0.7%	0.2%	1.1%	0.7%	0.5%	0.2%	0.2%	0.5%	0.0%	0.6%	0.1%	0.0%	0.5%
POSTAGE	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%
OFFICE SUPPLIES	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	1.4%	0.1%	0.6%	0.0%	0.1%
SAFETY + UNIFORMS	0.3%	0.1%	0.2%	0.2%	0.2%	0.5%	0.4%	0.4%	0.6%	1.8%	0.1%	0.3%	0.4%
LICENSES + PERMITS	0.1%	0.5%	0.0%	0.0%	0.4%	0.4%	0.0%	0.0%	0.5%	0.3%	0.4%	0.7%	0.2%
DUES + FEES	0.0%	0.0%	0.4%	0.1%	0.0%	0.6%	1.4%	1.2%	0.0%	0.2%	0.3%	0.0%	0.3%
TOTAL GENERAL OPERATIONS	2.4%	1.0%	2.5%	1.6%	1.4%	2.0%	2.4%	2.2%	2.8%	3.5%	1.9%	1.2%	2.1%

Other than the preceding financial performance representation, we do not make any 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 outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting PURAIR Franchising LLC, 201-1475 Ellis Street, Kelowna, British Columbia, V1Y 2A3, Canada, (800) 986-0364, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20 OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For years 2022 to 2024

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

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

Table 3
Status of Franchised Outlets
For years 2022 to 2024

State	Year	Outlets at the Start of the Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
All States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For years 2022 to 2024

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
All States	0	0	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Totals	0	0	0

Current and Former Franchisees

Exhibit F contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets. Exhibit F also contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21 FINANCIAL STATEMENTS

Exhibit D contains our audited opening balance sheet as of January 31, 2025. Because we only began to offer franchises when we issued this disclosure document and have not been in business for three years, we cannot include financial statements of the last three years, which we will eventually do (as required under the FTC Franchise Rule). Our fiscal year end is December 31.

Item 22 CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Form of General Release
- H. State Addenda to Franchise Agreement

Item 23
RECEIPTS

The last two pages of this Disclosure Document are two copies of an acknowledgment of receipt of this Disclosure Document. Please sign and date one copy of the receipt and send that back to us and keep the other copy with this Franchise Disclosure Document for your records.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2102 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 st Floor New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities And Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

EXHIBIT B

FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

SUMMARY PAGE

1. Franchisee	_____
Initial Franchise Fee	_____
2. (or Cumulative Initial Franchise Fee)	\$ _____
3. Number of Territories	_____
4. Approximate Population within Territory(ies)	_____
5. Territory(ies)	See Attached Map(s) and List(s) of Zip Codes
6. Opening Deadline	Eight (8) months after signing Franchise Agreement
7. Principal Executive (If an Entity)	_____
8. Franchisee's Address	_____
9. Franchisee's State(s) of Residence	_____
10. State(s) in which the Business will be operated	_____

FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement” or “Franchise Agreement”) is made between PURAIR Franchising LLC, a Delaware limited liability company (“Franchisor”), and the entity or individual(s) identified on the Summary Page as “Franchisee” effective as of the date signed by Franchisor (the “Effective Date”). The Summary Page attached to this Agreement and all data contained on the Summary Page is an integral part of this Agreement and shall be incorporated by reference as if more fully set forth herein.

Background Statement:

A. Franchisor and its affiliates have created and own a system (the “System”) for developing and operating a business that offers indoor air quality services, including furnace and air duct cleaning, indoor air quality testing, coil cleaning, dryer vent cleaning, air purification equipment and filter maintenance programs, among other related services, under the trade name “Modern PURAIR”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Modern PURAIR business, (2) particular products and services, (3) the Marks, (4) training programs, (5) business knowledge, (6) marketing plans and concepts, and (7) other mandatory or optional elements as determined by Franchisor from time to time.

C. The parties desire that Franchisor license the Marks and the System to Franchisee for Franchisee to develop and operate a Modern PURAIR business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Franchisor.

“**Brand Fund**” means the fund established (or which may be established) by Franchisor into which Brand Fund Contributions are deposited.

“**Business**” or “**Franchised Business**” means the Modern PURAIR business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business that offers indoor air quality services, including, without limitation, furnace and air duct cleaning, indoor air quality testing, coil cleaning, dryer vent cleaning, air purification equipment and filter maintenance programs.

“**Confidential Information**” means all non-public information of or about the System, Franchisor, and any Modern PURAIR business, including all methods for developing and operating the

Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“Gross Sales” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

“Input” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“Location” means the location stated on the Summary Page.

“Losses” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Franchisor’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“Manual” means Franchisor’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“Marks” means the trademark contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Franchisor from time to time for use in a Modern PURAIR business.

“Owner” means each person or entity that directly or indirectly owns an equity interest in Franchisee if Franchisee is an entity. If Franchisee is an individual person, then “Owner” means Franchisee.

“Required Vendor” means a supplier, vendor, or distributor of Inputs which Franchisor requires franchisees to use.

“System Standards” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Franchisor, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design, equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video

systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“Territory” or “Territories” means the territory or territories stated on the Summary Page, which may reference to or include one or more maps and lists of zip codes attached hereto. The Territory may be one Territory or multiple Territories. In this Franchise Agreement, “Territory” shall refer to all Territories, whether one or more, that Franchisee has purchased from Franchisor.

“Transfer” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than twenty-five percent (25%) of the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. Franchisor grants to Franchisee the right to operate a Modern PURAIR business solely in the Territory. Franchisee shall develop, open and operate a Modern PURAIR business in the Territory for the entire term of this Agreement.

2.2 Protected Territory.

(a) Limitation on Solicitation. Franchisee shall not market or advertise the Franchised Business or solicit potential customers outside of the Territory without Franchisor’s prior written permission, which permission Franchisor may withdraw at any time.

(b) Service. Franchisee shall not provide services at any location outside of the Territory without Franchisor’s prior written permission. Franchisor may withdraw permission at any time. Franchisee shall not market or otherwise solicit business outside of the Territory without Franchisor’s prior written permission, which permission Franchisor may withdraw at any time. If ten percent (10%) or more of Franchisee’s Gross Sales are derived from providing services outside of Franchisee’s Territory, Franchisor may, in its sole discretion, require Franchisee to purchase one or more additional Territories that comprise the area where Franchisee is deriving such revenue. If Franchisee provides services at any location outside of the Territory without Franchisor’s prior written permission, Franchisor may impose a fee equal to the greater of (i) five hundred dollars (\$500) or (ii) seventy-five percent (75%) of the amount paid by such customer to Franchisee. This fee is a reasonable estimate of Franchisor’s internal cost of personnel time attributable to addressing Franchisee’s breach of this Section, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. This fee is in addition to all of Franchisor’s other rights and remedies.

(c) Exclusivity. Franchisor shall not establish, nor license the establishment of, another Modern PURAIR business within the Territory or which serves customers located in the Territory. However, Franchisor retains the right to:

- (i) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory (in Franchisor’s reasonable opinion), after notice of the same has

been delivered to Franchisee in writing and Franchisee has been given a reasonable opportunity to correct defaults and to serve such customers;

- (ii) serve (or authorize other franchisees to serve) a particular customer in the Territory if Franchisee fails to properly serve such customer, or if Franchisor reasonably believes that Franchisee will not properly serve such customer after notice of the same has been delivered to Franchisee in writing and Franchisee has been given a reasonable opportunity to serve such customers;
- (iii) establish and license others to establish and operate Modern PURAIR businesses outside the Territory;
- (iv) operate and license others to operate businesses anywhere that do not operate under the Modern PURAIR brand name;
- (v) sell and license others to sell Modern PURAIR products and services to customers in the Territory through channels of distribution (including the internet) so long as such products and services are not provided through a Modern PURAIR outlet in the Territory, and are different from the products and services provided by Franchisee, and in utilizing alternative channels of distribution as described herein, Franchisor would pay no compensation to Franchisee; and
- (vi) acquire, or be acquired by, a business that operates or licenses others to operate businesses that offer some or all of the same products and services offered by Modern PURAIR businesses anywhere, including within the Territory.

(d) Policies. Franchisor may set policies binding on all franchisees regarding soliciting, marketing, and serving customers in another franchisee's territory, and Franchisor may waive or modify such policies in any circumstance as Franchisor determines. If Franchisee obtains a client or customer in the protected territory of another franchisee, then, in addition to all other rights and remedies Franchisor may have, Franchisor may in its discretion (i) require Franchisee to transfer the client to such other franchisee, (ii) require Franchisee to pay such other franchisee seventy-five percent (75%) of the Gross Sales received from such client, or (iii) fashion such other remedy as Franchisor deems appropriate.

(e) Referrals. Franchisor may set policies binding on all franchisees regarding referral fees (and other terms and conditions) when a customer is referred from one Modern PURAIR business to another. Franchisor also retains full discretion in determining how national accounts may be handled between, by, and among franchisees, including Franchisee. Franchisor may waive or modify such policies in any circumstance as Franchisor determines.

2.3 Franchisee Control. Franchisee represents that Attachment 1 hereto (i) identifies each Owner, officer, and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Franchisor within ten (10) days of such change.

2.4 Principal Executive. Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has

decision-making authority on behalf of Franchisee. If Franchisee is an entity, the Principal Executive must own at least ten percent (10%) of the equity interests in Franchisee. The Principal Executive must participate in the direct operation of the Business and must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Franchisor's reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then each owner of an equity interest in Franchisee and the spouse of each owner shall personally guaranty Franchisee's obligations to Franchisor hereunder and execute the Guaranty and Non-Compete Agreement attached hereto as Attachment 2.

2.6 No Conflict. Franchisee represents to Franchisor that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

2.7 Name of Franchised Business. Franchisee shall not use the words "Modern PURAIR" or related names, acronyms, or conflicting words in Franchisee's entity name. Franchisor shall, in its sole discretion, have the right to approve or disapprove of Franchisee's entity name, and Franchisee shall take all steps necessary to change its entity name upon written request by Franchisor.

2.8 DBA Requirement. Franchisee must register a "Doing Business As" or similar type of fictitious business name with Franchisee's local municipality, but not at the state level unless Franchisee has purchased all of the Modern PURAIR Territories available within the applicable state. Franchisee's fictitious business name shall be "Modern PURAIR", or as otherwise designated by Franchisor, and Franchisee shall not use any other fictitious business name for the Franchised Business. Franchisee shall provide Franchisor with proof of its fictitious name filing upon Franchisor's request.

2.9 National Accounts. Franchisor may secure national accounts that consist of customers and/or locations anywhere, including within the Territory ("National Accounts"). Franchisor may control all policies related to National Accounts, including, without limitation, policies related to service and pricing for National Accounts, and Franchisee shall adhere to such policies as Franchisor determines from time to time. Franchisor may collect payment for work done for National Accounts and remit such payment, less fees due to Franchisor under this Agreement, to Franchisee.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the date Franchisee opens for business and continues for ten (10) years thereafter (the "Term").

3.2 Successor Agreement. When the Term of this Agreement expires, Franchisee may enter into a successor agreement for up to two (2) additional periods of five (5) years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies Franchisor of the election to renew between ninety (90) and one hundred and eighty (180) days prior to the end of the Term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Franchisor (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Franchisor) changes to the Business as Franchisor requires to conform to the then-current System Standards;
- (iv) Franchisee executes Franchisor's then-current standard form of franchise agreement, which may be materially different than this Agreement (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section and Franchisee's Minimum Royalty Fee per Territory under such franchise agreement shall not be less than the highest amount set forth in Section 4.2(b);
- (v) Franchisee shall pay Franchisor a renewal fee equal to ten thousand dollars (\$10,000) per Territory ("Renewal Fee"); and
- (v) Franchisee and each Owner executes a general release (on Franchisor's then-standard form) of any and all claims against Franchisor, its affiliates, and their respective owners, officers, directors, agents and employees (subject to applicable state law).

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay Franchisor an initial franchise fee ("Initial Franchise Fee") in the amount stated on the Summary Page by wire. The Initial Franchise Fee is earned in full by Franchisor upon receipt and is non-refundable.

4.2 Royalty Fee & Minimum Royalty Fee.

(a) Royalty Fee. Throughout the term of this Agreement, Franchisee shall pay Franchisor an ongoing royalty fee (the "Royalty Fee") equal to seven percent (7%) of Franchisee's Gross Sales from the operation of the Franchised Business. The Royalty Fee shall be calculated and paid by Franchisee to Franchisor on a semi-monthly basis, with payments due on or before the fifth (5th) and the twentieth (20th) day of each calendar month, based on the Gross Sales for the immediately preceding semi-monthly period (i.e., the first (1st) through the fifteenth (15th), and the sixteenth (16th) through the last day of each month, respectively), or on such other dates and for such other periods of time as Franchisor may designate in its sole discretion.

(b) Minimum Royalty Fee. Beginning in the thirteenth (13th) month after the opening of the Franchised Business, the Royalty Fee shall be subject to a minimum amount based on the number of Territories that Franchisee has purchased, which number is stated on the Summary Page of this Franchise Agreement (the “Minimum Royalty Fee”). If the Royalty Fee Franchisee pays to Franchisor in any given month is less than the applicable Minimum Royalty Fee for that month, Franchisor may collect the difference from Franchisee in that month, in the next month, or at a later time. Franchisor may also, in its sole discretion, choose to “true-up” the Royalty Fee on a quarterly or annual basis by reviewing the Royalty Fee paid by Franchisee over the preceding period of time and assessing any deficiency if Franchisee failed to pay the applicable Minimum Royalty Fee from that period of time. In that case, Franchisee shall pay Franchisor the difference upon request from Franchisor. Franchisee’s Minimum Royalty Fee shall be the amounts set forth in the chart below:

Months after Opening the Franchised Business	Minimum Royalty Fee Per Territory Per Month
Months 1 to 12	No Minimum
Months 13 to 24	\$1,000
Months 25 to 36	\$1,500
Months 37 to 48	\$2,000
Months 49 to 60	\$2,500
Month 61 through the end of the Term	\$3,000

4.3 Brand Fund Contribution.

(a) Brand Fund Contribution. Throughout the term of this Agreement, Franchisee shall pay Franchisor an ongoing contribution to the Brand Fund (the “Brand Fund Contribution”) equal to one percent (1%) of the Franchised Business’s Gross Sales, payable at the same time and by the same method as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative.

4.4 Replacement/Additional Training Fee. If Franchisee sends an employee to Franchisor’s training program after opening, or if Franchisor sends one or more trainers to the Franchised Business for additional training, Franchisee shall pay Franchisor its then-current training fee prior to the training, and Franchisee shall reimburse Franchisor for all costs and expenses incurred with sending the trainer(s) to the Franchised Business, if applicable. As of the execution of this Agreement, the training fee is five hundred dollars (\$500) per attendee for training at Franchisor’s headquarters or five hundred dollars (\$500) per trainer that Franchisor sends to the Franchised Business.

4.5 Third-Party Vendors. If Franchisor requires Franchisee to use a designated Required Vendor, Franchisor has the right (but not the obligation) to collect payment on behalf of the Required Vendor and remit the payment to the Required Vendor. If Franchisor does so, it may

impose a reasonable markup or charge for administering the payment program. Franchisor may also designate Franchisor and/or any affiliate to be the sole and exclusive vendor or supplier for any products or services Franchisee is required to purchase under this Agreement.

4.6 Non-Compliance Fee. Franchisor may charge Franchisee one thousand dollars (\$1,000) for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Franchisor) which Franchisee fails to cure after thirty (30) days' notice. Thereafter, Franchisor may charge Franchisee two hundred and fifty dollars (\$250) per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Franchisor's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Franchisor's other rights and remedies.

4.7 Reimbursement. Franchisor may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Franchisor does so or intends to do so, Franchisee shall pay such amount plus a ten percent (10%) administrative charge to Franchisor within 15 days after invoice by Franchisor accompanied by reasonable documentation.

4.8 Payment Terms.

(a) **Method of Payment and EFT Account.** With the exception of the Initial Franchise Fee (which should be paid by bank check or wire transfer), 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"). Upon Franchisor's written request, Franchisee must make all such payments described in this Section by bank or certified check. Franchisee shall immediately deposit all revenues from the operation of the Franchised Business into this bank account immediately 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 name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement or as soon as Franchisee has established the EFT Account, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached as Attachment 4 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.

(b) **Calculation of Fees.** Franchisee shall report Gross Sales to Franchisor at the interval required by Franchisor. If Franchisee fails to report monthly Gross Sales, then Franchisor may withdraw estimated Royalty Fees (including Minimum Royalty Fees, if applicable) and Brand Fund Contributions equal to one hundred and twenty-five percent (125%) of the last Royalty Fee paid, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Franchisor has the right to remotely access Franchisee's point-of-sale system and accounting software to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay Franchisor a one hundred dollar (\$100) “late fee” plus interest on the unpaid amount at a rate equal to eighteen percent (18%) per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Franchisor may charge eighty dollars (\$80) for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Franchisor (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Franchisor may apply any payment received from Franchisee to any obligation and in any order as Franchisor may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Franchisor any fees or amounts described in this Agreement are not dependent on Franchisor’s performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

4.9 Quarterly Audit Inspection. Franchisor may audit Franchisee’s Franchised Business quarterly and Franchisee must pay Franchisor its actual cost to complete the inspection plus one thousand dollars (\$1,000) in association with each audit if Franchisee is found to not be in compliance with Franchisor’s System Standards or the terms of this Agreement when such audit is performed.

4.10 Sales Center Platform Fee and Sales Center Fee. Franchisee shall use the “Sales Center” established and/or designated by Franchisor for the Franchised Business and shall engage the Sales Center for all services required by Franchisor from time to time, including, without limitation, inbound calls, outbound calls, providing quotes to customers, and scheduling appointments and jobs among other things. Upon the execution of this Agreement, Franchisee shall pay Franchisor a sales center platform fee of five thousand dollars (\$5,000) (“Sales Center Platform Fee”), which covers the activation and setup of the Franchised Business with the Sales Center. The Sales Center Platform Fee is earned in full by Franchisor upon receipt and is non-refundable. Beginning in the month that the Franchised Business opens for business and continuing throughout the remainder of the term of this Agreement, Franchisee shall pay Franchisor an ongoing Sales Center fee (“Sales Center Fee”) equal to six percent (6%) of the Franchised Business’s monthly Gross Sales. Franchisee shall pay Franchisor the Sales Center Fee at the same time and by the same method as the Royalty Fee. Beginning in the thirteenth (13th) month after the opening of the Franchised Business and continuing remainder of the term of this Agreement, the Sales Center Fee shall be subject to a minimum amount of one thousand dollars (\$1,000) per month.

4.11 Onsite Initial Training Fee. Upon the execution of this Agreement, Franchisee shall pay Franchisor an initial training fee of five thousand dollars (\$5,000) (“Onsite Initial Training Fee”), which includes the initial training program for up to three (3) attendees. If Franchisee sends more than three (3) attendees to the initial training program, which will be subject to Franchisor’s

approval, Franchisee shall pay Franchisor one thousand dollars (\$1,000) per attendee beyond the first three (3). The Onsite Initial Training Fee is earned in full by Franchisor upon receipt and is non-refundable.

4.12 Business Launch Fee. Upon the execution of this Agreement, Franchisee shall pay Franchisor a business launch fee of forty thousand dollars (\$40,000) (“Business Launch Fee”). The Business Launch Fee is earned in full by Franchisor upon receipt and is non-refundable.

4.13 Grand Opening Project Management Fee. Upon the execution of this Agreement, Franchisee shall pay Franchisor a grand opening project management fee of five thousand dollars (\$5,000) (“Grand Opening Project Management Fee”). The Grand Opening Project Management Fee is earned in full by Franchisor upon receipt and is non-refundable.

4.14 Technology Fee. Beginning one (1) month prior to the opening of the Franchised Business and continuing throughout the term of this Agreement, Franchisee shall pay Franchisor an ongoing technology fee (the “Technology Fee”) in an amount determined by Franchisor. As of the execution of this Agreement, the Technology Fee is five hundred dollars (\$500) per month. Franchisor may, in its sole discretion, increase the Technology Fee any number of times during the term of this Agreement after providing thirty (30) days’ notice to Franchisee. Franchisor may use the Technology Fee to cover its own costs of providing technology to its franchisees, or Franchisor may pay certain amounts of the Technology Fee, which may be less than what is collected from Franchisee, to Approved Vendors for technology products and/or services. Franchisor may change the timing and method of collection of the Technology Fee upon notice to Franchisee, and Franchisor may require Franchisee to pay all or some of the Technology Fee directly to Approved Vendors, which may be affiliates of Franchisor.

4.15 Digital Marketing Management Fee. Beginning one (1) month prior to the opening of the Franchised Business and continuing throughout the term of this Agreement, Franchisee shall pay Franchisor an ongoing digital marketing management fee (the “Digital Marketing Management Fee”) in an amount determined by Franchisor. As of the execution of this Agreement, the Digital Marketing Management Fee is one thousand dollars (\$1,000) per month. Franchisor may, in its sole discretion, increase the Digital Marketing Management Fee any number of times during the term of this Agreement after providing thirty (30) days’ notice to Franchisee. Franchisor may use the Digital Marketing Management Fee to cover its own costs of providing digital marketing management services to its franchisees, or Franchisor may pay certain amounts of the Digital Marketing Management Fee, which may be less than what is collected from Franchisee, to Approved Vendors for digital marketing management products and/or services. Franchisor may change the timing and method of collection of the Digital Marketing Management Fee upon notice to Franchisee, and Franchisor may require Franchisee to pay all or some of the Digital Marketing Management Fee directly to Approved Vendors, which may be affiliates of Franchisor.

ARTICLE 5. ASSISTANCE

5.1 Manual. Franchisor shall make its Manual available to Franchisee. The Manual may be in print or electronic format, and it may consist of online resources on a shared website or a third-party platform such as Trainual. Collectively, all such resources that Franchisor identifies as

components of the “Manual” from time to time shall constitute the “Manual” as described in this Agreement.

5.2 No Assistance with Hiring Employees. Franchisor shall provide its suggested staffing levels to Franchisee. Franchisor shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee’s sole responsibility.

5.3 No Assistance with Training Employees. Franchisor shall, to the extent it deems appropriate, provide programs for Franchisee to use with training of new employees. However, Franchisee shall be solely responsible for training its own employees to comply with Franchisee’s obligations under this Agreement and the Manual.

5.4 Pre-Opening Assistance.

(a) Pre-Opening Specifications and Vendors. To the extent not included in the Manual, Franchisor shall provide Franchisee with (i) applicable System Standards and other specifications as Franchisor deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (ii) Franchisor’s lists of Approved Vendors and/or Required Vendors.

(b) Initial Training. Franchisor shall make available its standard initial, pre-opening training to the Principal Executive and up to two (2) other individuals, at Franchisor’s headquarters, within or near Franchisee’s Territory or Territories, and/or at a Modern PURAIR business designated by Franchisor. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses.

(c) Market Introduction Plan. Franchisor shall advise Franchisee regarding the planning and execution of Franchisee’s Market Introduction Plan if Franchisee submits such a Market Introduction Plan to Franchisor.

(d) Premises Selection. If Franchisee does not operate the Franchised Business from home, Franchisee shall be solely responsible for selecting the location for the Franchised Business that complies with the Manual (hereinafter “the Premises”). The Premises must be located within Franchisee’s Territory or Territories. Franchisee shall not sign a lease, sub-lease or other obligation until after Franchisee has received Franchisor’s approval of the Premises and lease or sub-lease in writing. If Franchisor has not notified Franchisee within ten (10) business days following Franchisor’s receipt from Franchisee of a copy of the proposed lease or sub-lease and such other information about the proposed Premises as Franchisor may require, then the Premises shall be deemed not approved. Approval of the Premises or the lease or sub-lease by Franchisor does not constitute a representation or warranty by Franchisor that the Premises will be good and does not constitute a legal or other opinion as to any term of the lease or sub-lease. Franchisor may, in Franchisor’s discretion, condition approval of the Premises upon execution of the Franchisor Addendum to Lease Agreement, attached hereto as Attachment 3, by Franchisee and Franchisee’s landlord.

5.5 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, Franchisor will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Franchisor deems reasonable. If Franchisor provides in-person support in response to Franchisee's request, Franchisor may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support). As of the Effective Date of this Agreement, Franchisor's current fee for in-person support is five-hundred dollars (\$500) per day. If Franchisee sends an employee to Franchisor's initial training program after Franchisee has opened for business, Franchisee shall pay Franchisor one thousand dollars (\$1,000) per attendee beyond the first three (3) and Franchisee shall be solely responsible for all other expenses related to such training for its attendees.

(b) Procedures. Franchisor will provide Franchisee with Franchisor's recommended administrative, bookkeeping, accounting, and inventory control procedures. Franchisor may make any such procedures part of required (and not merely recommended) System Standards.

(c) Marketing. Franchisor shall manage the Brand Fund.

(d) Internet. Franchisor shall maintain a website for Modern PURAIR, which will include Franchisee's location (or territory) and telephone number. Franchisee will be prohibited from creating any websites for the promotion of Franchisee's Business.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Location, Lease, and Development. Franchisee is solely responsible for selecting the Location. If the Location is not stated on the Summary Page, then Franchisee shall find a suitable Location that meets Franchisor's System Standards (if any) within the Territory. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Franchisor, Franchisee must submit the proposed lease to Franchisor for written approval, and (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement. If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall construct (or remodel) and finish the Location in conformity with Franchisor's System Standards.

6.2 Initial Purchases. Prior to commencing the operation of the Business, Franchisee shall purchase all initial equipment, vehicles, supplies, and related items that Franchisor requires for the setup and operation of the Franchised Business as set forth in the Manual or otherwise communicated in writing by Franchisor. These purchases must be made from sources designated by Franchisor or from approved vendors that meet the specifications and standards set forth by Franchisor. Regardless of the source of these purchases, the items purchased must meet Franchisor's specifications and standards as set forth in the Manual or otherwise communicated in writing by Franchisor. Franchisee acknowledges that adherence to these requirements is essential for maintaining the quality and consistency of the Modern PURAIR brand. The Franchisor reserves the right to update or modify these specifications and approved vendor lists at its sole discretion, and the Franchisee agrees to comply with any such changes as they are communicated.

6.3 Vehicle Purchases. Upon executing this Agreement, Franchisee shall order one (1) service vehicle for use in the operation of the Business from Franchisor's Approved Vendor(s) and according to Franchisor's specifications and standards, including the upfitting and wrapping of the vehicle and equipment contained within the vehicle. Currently, Franchisor requires its franchisees, including Franchisee, to purchase and operate one (1) brand new Mercedes Sprinter Van, upfitted according to Franchisor's System Standards. If Franchisee has purchased more than one (1) Territory, Franchisee shall purchase and operate a second Mercedes Sprinter Van, upfitted according to Franchisor's System Standards, by the end of the twenty-fourth (24th) month after Franchisee has commenced operation of the Franchised Business. Franchisee hereby acknowledges that Franchisee may need to purchase and operate additional service vehicles as the demand for the Franchised Business's products and services increases within the Territory or Territories. Franchisor may require Franchisee to purchase and operate one (1) or more additional service vehicles if, in Franchisor's sole discretion, Franchisee fails to meet customer demand within the Territory or Territories.

6.4 New Franchisee Training. Franchisee's Principal Executive must complete Franchisor's training program for new franchisees before opening the Business. If the Principal Executive (i) fails to complete the initial training program to Franchisor's satisfaction, or (ii) Franchisor concludes, no more than ten (10) days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then Franchisor may terminate this Agreement and retain the Initial Franchise Fee. The Principal Executive must attend and complete training within ninety (90) days of executing this Franchise Agreement.

6.5 Conditions to Opening. Franchisee shall notify Franchisor at least thirty (30) days before Franchisee intends to open the Business. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) Franchisee has made all required initial purchases and vehicle purchases as described in this Section 6 and the Business conforms to all applicable System Standards, (4) Franchisee has hired sufficient employees, (5) Franchisee's Principal Executive has completed all of Franchisor's required pre-opening training; and (6) Franchisor has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Deadline and Non-Development Fee. Franchisee shall open the Franchised Business within eight (8) months of signing this Franchise Agreement ("Opening Deadline"). If Franchisee fails to open the Franchised Business for operation before the Opening Deadline, Franchisor may, in its sole discretion, either terminate this Agreement upon written notice to Franchisee or grant Franchisee an extension of time in which to open the Franchised Business, which extension must be approved in writing by Franchisor. If Franchisor grants Franchisee an extension of time in which to open the Franchised Business, Franchisor may, in its sole discretion, require Franchisee to pay Franchisor a fee of two thousand and five hundred dollars (\$2,500) per month past the Opening Deadline ("Non-Development Fee").

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other

System Standards. Franchisee shall operate the Franchised Business seven (7) days per week during the hours of operation that Franchisor sets forth in the Manual.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products and Services. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that Franchisor may require. Franchisee is required to perform all Warranty work for products installed during the term of the Franchise Agreement by Franchisee during and after the term of the Franchise Agreement. Franchisee must purchase all products, services and equipment from Franchisor's Approved Vendors, which may be Franchisor or an Affiliate of Franchisor, as designated in the Manual.

7.3.1 Warranty. Franchisee shall offer all of its customers a warranty on all products and services in accordance with Franchisor's standards as contained within the Manual, which may be changed from time to time in Franchisor's sole discretion (the "Warranty"). Franchisee shall be exclusively responsible for the costs associated with providing products and services under the Warranty, including, without limitation, labor costs. Franchisee's responsibilities related to the Warranty shall survive the expiration, termination, or transfer of this Franchise Agreement. If Franchisee fails to perform its Warranty obligations, Franchisor may, through an affiliate of Franchisor or any other third-party, provide products and/or services under the Warranty and charge Franchisee for all costs associated with such products and/or services along with a reasonable administrative fee.

7.4 Prices. Franchisee acknowledges that the System Standards determined by Franchisor may include the minimum, maximum, and/or exact prices that franchisees may charge for products or services sold (except to the extent such authority is limited or prohibited by applicable law).

7.5 Personnel.

(a) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(b) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(c) Qualifications. Franchisor may set minimum qualifications for categories of employees employed by Franchisee.

(d) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Franchisor are not joint employers, and no employee of Franchisee will be an agent or employee of Franchisor.

7.6 Post-Opening Training. Franchisor may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Franchisor. Franchisor may charge its then-current fee for any training programs. Franchisor may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Software. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by Franchisor at Franchisee's own expense. Franchisee shall enter into any subscription and support agreements that Franchisor may require. Franchisee shall upgrade, update, or replace any software from time to time as Franchisor may require and at Franchisee's own expense. Franchisee shall protect the confidentiality and security of all software systems and shall abide by any System Standards related thereto. Franchisee shall give Franchisor unlimited access to Franchisee's point of sale system, accounting software, and all other software systems used in the Franchised Business by any means designated by Franchisor. Franchisee acknowledges that Franchisor may own certain software accounts or software that Franchisee uses for the Franchised Business and that Franchisor owns all customer data stored on such software. Franchisee also acknowledges that Franchisor may own the license to the accounting software that Franchisee must utilize for its Franchised Business. Franchisor shall at all times have administrative level access to the accounting software for the Franchised Business for any and all purposes.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. Franchisor may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Franchisor may require Franchisee to reimburse Franchisor for any expenses.

7.9 Customer Evaluation and System Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by Franchisor for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Franchisor shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Franchisor for such programs.

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by Franchisor (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Franchisor. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS). Franchisee must issue all invoices, process all sales payments, and issue all receipts through our point of sale system. Franchisee shall not collect cash from or otherwise accept any payments from customers in any other method, unless we approve of such other method in writing.

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in

any customer loyalty programs or customer incentive programs, designated by Franchisor, in the manner specified by Franchisor in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Modern PURAIR business. Franchisee shall comply with all procedures and specifications of Franchisor related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty or customer incentive programs.

7.12 Maintenance and Repair. If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as Franchisor may prescribe from time to time.

7.13 Vehicles - Appearance. Franchisee shall ensure that all vehicles used with the Franchised Business comply with all applicable System Standards, including without limitation required equipment and exterior décor, and Franchisor must approve of such vehicle(s) in writing prior to Franchisee's use of such vehicle(s). Franchisee shall keep all vehicles in good repair, clean, and free of dents and other damage, and shall ensure that the vehicle(s) presents a first-class image appropriate to Franchisor's System. Franchisee shall use the vehicle(s) solely for the Business.

7.14 Meetings.

(a) Annual Convention. Franchisor may establish and conduct an annual convention ("Annual Convention") for all franchise owners and may require Franchisee (or its Designated Manager) to attend the Annual Convention, but for no more than five (5) days each year. Franchisee will be solely responsible for all expenses incurred in attending the Annual Convention (including any employee wages), and Franchisor reserves the right to require Franchisee to pay Franchisor its then-current Annual Convention registration fee approximately one hundred and twenty (120) days prior to the Annual Convention. Franchisee shall pay the then-current Annual Convention registration fee upon demand whether or not Franchisee actually attends the Annual Convention. If Franchisee fails to attend the Annual Convention and pays Franchisor the Annual Convention registration fee, Franchisee shall still be in default of this Section for its failure to attend the Annual Convention.

(b) Regional Meetings and Third-Party Training. In addition to the Initial Training Program, Franchisee and any other management personnel of the Franchised Business must, at Franchisor's discretion, attend regional meetings ("Regional Meetings") that are either hosted or organized by Franchisor, and Franchisee shall be solely responsible for all costs of attending such Regional Meetings, including (i) paying Franchisor's then-current attendance fee to Franchisor upon demand, (ii) travel and lodging for those attending the Regional Meetings, and (iii) employment expenses for those attending the Regional Meetings such as salary and other expenses. If Franchisee fails to attend any of the Regional Meetings, Franchisee shall pay Franchisor the then-current attendance fee upon demand, which shall not cure the default that arises by Franchisee's failure to attend any of the Regional Meetings. Franchisee and any other management personnel of the Franchised Business may be required, in Franchisor's discretion, to attend a training program that is conducted by one (1) or more of Franchisor's Approved Suppliers and designed to provide further instruction and training regarding the operation of the Franchised

Business and provision of certain Approved Services (the “Third-Party Training”). If such Third-Party Training is required by Franchisor, then Franchisee will be: (i) required to pay the then-current Additional Training Fee, plus lodging and travel, for those that attend the Third-Party Training; and (ii) responsible for the costs and expenses associated with Franchisee and any other required trainees attending such training. If Franchisee fails to attend any of Third-Party Training, Franchisee shall pay Franchisor the then-current attendance fee upon demand, which shall not cure the default that arises by Franchisee’s failure to attend any Third-Party Training. Once the Franchised Business is open, Franchisor will have the right to make this kind of Third-Party Training part of any Additional Training or Remedial Training that Franchisor may require under this Agreement.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Franchisor in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than one million dollars (\$1,000,000) single limit per occurrence and two million dollars (\$2,000,000) aggregate limit;
- (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than one million dollars (\$1,000,000); and
- (iii) Workers Compensation coverage as required by state law, but no less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate.

(b) Franchisee’s insurance policies must list Franchisor and its affiliates as an additional insured and the policies must stipulate that Franchisor shall receive a thirty (30) day prior written notice of cancellation. Franchisee shall provide Certificates of Insurance evidencing the required coverage to Franchisor prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Franchisor.

7.16 Suppliers and Landlord. Franchisee shall pay all vendors and suppliers of the Franchised Business in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Modern PURAIR, the Franchised Business, or any particular incident or occurrence related to the Franchised Business, without Franchisor’s prior written approval.

7.18 Association with Causes. Franchisee shall not, in the name of the Franchised Business or in association with Modern PURAIR or the System, (i) donate money, products, or services to any

charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Franchisor's prior written approval.

7.19 No Other Businesses. If Franchisee is an entity, Franchisee shall not own or operate any other business except the Franchised Business.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Franchised Business without the prior written approval of Franchisor, which will not be unreasonably withheld.

7.21 No Co-Branding. Franchisee shall not "co-brand" or associate any other business activity with the Franchised Business in a manner which is likely to cause the public to perceive it to be related to the Franchised Business.

7.22 No Subcontracting. Franchisee shall not subcontract or delegate to a third party any services to be performed by Franchisee under this Agreement other than engaging individuals as independent contractors, with Franchisor's prior written approval, in the ordinary course of business.

7.23 Identification. Franchisee must identify itself as the independent owner of the Franchised Business in the manner prescribed by Franchisor and shall use the name for the Franchised Business designated by Franchisor (i.e., "Modern PURAIR of _____").

7.24 Business Practices. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from Franchisor. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

7.25 Repossession. Franchisee shall not sell, sublease, scrap, donate, barter, or otherwise dispose of any assets of the Franchised Business without express consent from Franchisor. Franchisor shall have the first right to repossess or otherwise acquire any assets used in the operation of the Franchised Business, including, without limitation, vehicles, parts, inventory, tools, marketing materials, and communication devices. Franchisor will compensate Franchisee and/or any lien holders for the repossession by Franchisor of the assets described herein. Compensation may be offset by amounts that Franchisee owes to Franchisor under this Agreement or otherwise. Franchisor shall have full discretion and rights as it applies to repossessing any of Franchisee's assets. Franchisor's rights described herein do not release Franchisee from any liens, leases, or financing agreements. Franchisor shall have no obligation to co-sign for financing related to any of Franchisee's assets, and Franchisor will not assume any liabilities whatsoever resulting from Franchisee's failure to make payment on any asset(s), including such assets that may have been repossessed or otherwise acquired by Franchisor as described herein.

7.26 Adherence to Laws, Rules, and Regulations. Franchisee must adhere to all national, state, local, and municipal laws, rules, and regulations related to the operation of the Franchised Business. Franchisee hereby acknowledges that Franchisee is solely responsible for determining what laws, rules, and regulations apply to the operation of the Franchised Business within the Territory.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by Franchisor from time to time in accordance with System Standards. Franchisor may require Franchisee to purchase or lease any Inputs from Franchisor, Franchisor's designee, Required Vendors, Approved Vendors, and/or under Franchisor's specifications. Franchisor may change any such requirement or change the status of any vendor. To make such requirement or change effective, Franchisor shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. If Franchisor requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Franchisor. Franchisor may condition its approval on such criteria as Franchisor deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Franchisor will attempt to provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within thirty (30) days after receipt of Franchisee's request. If Franchisor does not provide such written notification to Franchisee within thirty (30) days after receipt of Franchisee's request, the proposed new vendor shall be deemed denied.

8.3 Alternate Input Approval. If Franchisor requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Franchisor. Franchisor will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within thirty (30) days after receipt of Franchisee's request.

8.4 Purchasing. Franchisor may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. Franchisor may receive rebates or payments from vendors in connection with purchases by franchisees, including Franchisee. Franchisor may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Franchisor may determine.

8.5 No Liability of Franchisor. Franchisor shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 Product Recalls. If Franchisor or any vendor, supplier, or manufacturer of an item used or sold in the Franchised Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Franchisor or the vendor, supplier, or manufacturer of such item with respect to the recall, repair, or other remedy of such item.

ARTICLE 9. MARKETING

9.1 Advertising and Sales Promotion Programs. Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the Franchised Businesses operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisor may also request that Franchisee purchase and/or make copies of (and Franchisee's expense) and subsequently use certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Business.

(a) **Approval for all Advertising/Promotional Materials.** All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and shall conform to Franchisor's standards and requirements as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials twenty (20) days prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit unapproved plans and materials to Franchisor, and Franchisor will have fifteen (15) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this fifteen (15) day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use or dissemination of such materials. Once approved, Franchisee may use the proposed materials for a period of ninety (90) days unless Franchisor prescribes a different time period for use or requires Franchisee to discontinue using the previously-approved materials in writing. Franchisor may revoke its approval of any previously-approved advertising materials upon notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase "Franchises Available" and references to Franchisor's telephone number and/or website.

9.2 Local Advertising Requirement. On a monthly basis, Franchisee shall spend an amount equal to at least five percent (5%) of the Gross Sales generated by the Franchised Business over the preceding month on the promotion, marketing and advertising of the Franchised Business in the Territory or Territories in accordance with the advertising/marketing plan that Franchisor approves (the "Local Advertising Requirement"). Franchisor reserves the right to require Franchisee to expend any portion of the Local Advertising Requirement on (a) products or services Franchisor directs or approves, or (b) services that Franchisee must acquire from an Approved Vendor (which may include Franchisor or an affiliate of Franchisor). Franchisor may require that Franchisee expend any portion of the Local Advertising Requirement on services, content and other products/items that must be purchased from one (1) or more Approved Vendor, and (ii) collect the Local Advertising Requirement and pay such Approved Vendor directly as part of its support services and control rights described hereunder. Franchisee shall obtain listings and/or advertise with Franchisor and other franchisees of the System on electronic yellow pages directory

and other online directors as Franchisor may designate, including Google Local, Google Business, Angie's List or similar online directory. In the event Franchisee does not comply with Franchisor's requests regarding such online listings or advertisement, Franchisor reserves the right to place, modify, or remove such listings and advertisements on behalf of Franchisee. For any listings or advertisements that Franchisor posts on behalf of Franchisee due to Franchisee's non-compliance under this Section, Franchisee shall promptly pay, upon demand by Franchisor, its pro rata share of the costs of such listings or advertisements. Upon termination, transfer, or expiration of this Agreement, Franchisee agrees to take any and all steps necessary to assist Franchisor in removing or assigning control of all listing under this Section to Franchisor. Franchisee shall not advertise or promote the Franchised Business outside of the Territory or Territories unless Franchisor provides its prior written consent, which Franchisor may withdraw at any time in its sole discretion.

9.3 Brand Fund. Franchisor has established a brand development fund (the "Brand Fund") designed to promote the System, Proprietary Marks and the brand generally. Franchisee is required to pay Franchisor an ongoing Brand Fund Contribution equal to one percent (1%) of the Franchised Business's Gross Sales, payable at the same time and by the same method as the Royalty Fee. All payments by Franchisee to the Brand Fund are non-refundable upon payment, and Franchisor will account separately for all sums paid to the Brand Fund. The Brand Fund will be maintained and administered by Franchisor or Franchisor's designee as follows:

(a) Franchisor will use the Brand Fund and all contributions to it and any earnings on it, for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, securing and managing national accounts, and any other activities, that Franchisor believes would enhance the image of the System, Proprietary Marks, and Approved Products or Services.

(b) Franchisor is not obligated to spend monies from the Brand Fund in any particular franchisee's market, including Franchisee's Territory or Territories. Franchisor is not required to spend any particular amounts of the Brand Fund locally, regionally, or nationally.

(c) The Brand Fund may be used to meet any and all costs of: maintaining, administering, directing, and preparing advertising, including any and all digital marketing/advertising content, as well as employing training, technology and/or other developmental tools designed to enhance the System and customer experience or that is otherwise associated with training tools designed to assist franchise owners. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining the Franchisor's website, employing advertising and public relations agencies, purchasing promotional items, providing other marketing materials and services to the businesses operating under the System, and any other activities that Franchisor determines appropriate to develop the brand and/or System. These costs may include the proportionate salary share of Franchisor's employees that devote time and render services for advertising and promotion or the administration of the Brand Fund, including administrative costs, salaries, and overhead expenses related to administering the Fund and its programs. No part of the Brand Fund shall be used by Franchisor to defray any of its general operating expenses, other than those Franchisor allocates to the advertising described in this Section or other activities reasonably related to the administration or direction of the Brand Fund.

(d) Franchisor may spend all Brand Fund contributions during Franchisor's fiscal year within which such contributions are made; however, Franchisor has no obligation or duty to do so. If excess amounts remain in the Brand Fund at the end of such fiscal year, these excess amounts will roll over into the Brand Fund for the following fiscal year.

(e) Franchisor has the right to suspend or terminate the Brand Fund at any time.

(f) An unaudited accounting of the operation of the Brand Fund shall be prepared annually and shall be available to Franchisee upon written request after the unaudited accounting is prepared at least one hundred and twenty (120) days after Franchisor's fiscal year end at issue. Franchisor retains the right to have the Brand Fund reviewed or audited and/or reported on, at the expense of the Brand Fund, by an independent certified public accountant selected by Franchisor, but Franchisor is under no obligation to do so. Franchisor may use the Brand Fund to pay for the preparation of unaudited or audited financial reports of the Brand Fund.

(g) Franchisee agrees and acknowledges that the Brand Fund is not a trust and the Franchisor has no fiduciary duty to Franchisee in administering the Brand Fund.

9.4 Cooperatives. Franchisor may establish regional advertising cooperatives that are comprised of multiple Franchised Business owners located within a geographical region that Franchisor designates (each, a "Cooperative"). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in a weekly specified amount. Franchisor may specify the governing rules, terms and operating procedures of any Cooperative. All amounts paid to a Cooperative will be credited towards Franchisee's Local Advertising Requirement.

9.5 Internet Marketing. Franchisor has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and "social media" marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as Franchisor may specify, and only with Franchisor's consent. Franchisor retains the right to approve any linking to or other use of Franchisor's website. Franchisee must comply with any internet, online commerce and/or social media policy that Franchisor may prescribe.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Franchisor may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Franchisor may require in the Manual or otherwise in writing, including:

(i) a monthly profit and loss statement and balance sheet for the Business within twenty (20) days after the end of each month of Franchisor's fiscal year;

- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within ninety (90) days after the end of Franchisor's fiscal year;
- (iii) a monthly vendor aging report for the Business within thirty (30) days after the end of each fiscal quarter of Franchisor's fiscal year; and
- (iv) any information Franchisor requests in order to prepare a financial performance representation for Franchisor's franchise disclosure document.

(b) Cost of Labor and Material. Franchisee shall provide costs of labor and materials report for the Business within thirty (30) days after the end of each fiscal quarter.

(c) Legal Actions and Investigations. Franchisee shall promptly notify Franchisor of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Franchisor may request.

(d) Government Inspections. Franchisee shall give Franchisor copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Franchisor such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Franchisor may reasonably request.

10.3 Initial Investment Report. Within one hundred and twenty (120) days after opening for business, Franchisee shall submit to Franchisor a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Franchisor's Franchise Disclosure Document and with such other information as Franchisor may request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Franchisor may specify in the Manual or otherwise in writing.

10.5 Records Audit. Franchisor may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Franchisor may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Franchisor. Franchisee shall also reimburse Franchisor for all costs and expenses of the examination or audit if (i) Franchisor conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System,

or (ii) the audit reveals that Franchisee understated Gross Sales by three percent (3%) or more for any month.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by Franchisor. Franchisor may supplement, revise, or modify the Manual, and Franchisor may change, add or delete System Standards at any time in its discretion. Franchisor may inform Franchisee thereof by any method that Franchisor deems appropriate (which need not qualify as “notice” or follow the notice requirements under Section 18.9). In the event of any dispute as to the contents of the Manual, Franchisor’s master copy will control.

11.2 Business Evaluation. Franchisor may accompany Franchisee or its personnel on any services performed for a customer to conduct an evaluation. If the Location will be open to the public or used for meeting customers or potential customers, Franchisor may enter the premises of the Business from time to time during normal business hours and conduct an evaluation. Franchisee shall cooperate with Franchisor’s evaluators. The evaluation may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Franchisor may videotape and/or take photographs of the evaluation. Without limiting Franchisor’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an evaluation. If Franchisor conducts an evaluation because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed evaluation), then Franchisor may charge all out-of-pocket expenses plus its then-current evaluation fee to Franchisee.

11.3 Franchisor’s Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, Franchisor may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Franchisor for its costs and expenses (including the allocation of any internal costs) for such action, plus ten percent (10%) of Franchisor’s costs and expenses as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, Franchisor may (i) require that Franchisee pay cash on delivery for products or services supplied by Franchisor, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Franchisor shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Franchisor are in addition to any other right or remedy available to Franchisor.

11.5 Business Data. All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by Franchisor. Franchisor hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Business for the term of this Agreement.

11.6 Innovations. Franchisee shall disclose to Franchisor all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, “Innovations”) conceived or developed by Franchisee, its employees, agents or contractors. Franchisor will automatically own all Innovations and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

11.7 Communication Systems. Franchisor shall own the email account(s) provided to Franchisee for use with the Franchised Business. Franchisee shall not use any other email account(s) for use with the operation of the Franchised Business. Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Franchisor to access such communications.

11.8 Delegation. Franchisor may delegate any duty or obligation of Franchisor under this Agreement to an affiliate or to a third party.

11.9 System Variations. Franchisor may vary or waive any System Standard for any one or more Modern PURAIR franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.10 Temporary Public Safety Closure. If Franchisor discovers or becomes aware of any aspect of the Business which, in Franchisor’s opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Franchisor’s order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Franchisor shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Franchisor, and only in the manner as Franchisor may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee’s operation of the Business, will inure to the exclusive benefit of Franchisor.

12.2 Change of Marks. Franchisor may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Franchisor makes any such change, Franchisee must comply with the change, at Franchisee’s expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Franchisor shall defend Franchisee (at Franchisor’s expense) against any Action by a third party alleging infringement by Franchisee’s use of a Mark, and (ii) Franchisor

will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Franchisor if Franchisee becomes aware of any possible infringement of a Mark by a third party. Franchisor may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Franchisor shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Franchisor for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Franchisor, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Franchisor (except for Confidential Information which Franchisor licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (each a “Restricted Party” and, collectively, the “Restricted Parties”) shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two (2) years after this Agreement expires or is terminated for any reason (or, if applicable, for two (2) years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor operating (i) in Franchisee’s Territory or any of Franchisee’s Territories, (ii) within twenty-five miles of Franchisee’s Territory or Territories, or (iii) in the territory of any other Modern PURAIR business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Franchisor. Franchisee agrees that the existence of any claim it may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Employees. If requested by Franchisor, Franchisee will (i) perform criminal background checks on its general manager and all other employees and (ii) cause its general manager and all other employees to sign Franchisor's then-current form of confidentiality and non-compete agreement.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if Franchisor violates a material provision of this Agreement and fails to cure such default or to make substantial progress toward curing such default within ninety (90) days after receiving written notice of such default from Franchisee detailing the alleged default and including specific references to the allegedly violated provisions of this Agreement. Termination by Franchisee is effective thirty (30) days after Franchisor receives written notice of termination, which Franchisee cannot deliver to Franchisor until after Franchisor has failed to cure or to make substantial progress toward curing the alleged material defaults within ninety (90) days of receiving notice of default from Franchisee.

14.2 Termination by Franchisor.

(a) Subject to 10-Day Cure Period. Franchisor may terminate this Agreement if Franchisee does not make any payment to Franchisor when due, or if Franchisee does not have sufficient funds in its account when Franchisor attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within ten (10) days after Franchisor gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c) and fails to cure such breach to Franchisor's satisfaction within thirty (30) days after Franchisor gives notice to Franchisee of such breach, then Franchisor may terminate this Agreement.

(c) Without Cure Period. Franchisor may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Franchisor;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for thirty (30) days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within forty-five (45) days, or Franchisee is adjudicated as bankrupt;

- (iv) Franchisee fails to open for business within eight (8) months of signing this Franchise Agreement;
- (v) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vi) Franchisee abandons or ceases operation of the Business for more than fifteen (15) consecutive days without prior written approval from Franchisor;
- (vii) Franchisee or any Owner slanders or libels Franchisor or any of its employees, directors, or officers;
- (viii) Franchisee refuses to cooperate with or permit any audit or evaluation by Franchisor or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2.
- (ix) the Business is operated in a manner which, in Franchisor's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within forty-eight (48) hours after becoming aware of the danger (due to notice from Franchisor or otherwise);
- (x) Franchisee has received two (2) or more notices of default, whether cured or not, and Franchisee commits another breach of this Agreement, all in the same twelve-month period;
- (xi) Franchisor (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate);
- (xii) Franchisee or any Owner is accused by any governmental authority or third party of any act that in Franchisor's opinion is reasonably likely to materially and unfavorably affect Franchisor's brand, or is charged with, pleads guilty to, or is convicted of a felony; or
- (xiii) Franchisee or any Owner engages in conduct that is offensive, inappropriate or disrespectful towards Franchisor, its affiliates, or any of their respective representatives. Such conduct includes, but is not limited to, disparaging remarks, threats, harassment, discrimination, or any other behavior that, in the sole judgment of Franchisor, is inappropriate or offensive. The determination of what constitutes offensive or inappropriate conduct shall be within the sole and absolute discretion of Franchisor.

(d) Support While in Default. During any period in which Franchisee is in default of any provision of this Agreement, and for so long as such default remains uncured, Franchisor may, in its sole discretion and without waiving any other rights or remedies, suspend its obligations to Franchisee under this Agreement, including,

without limitation, providing new customer leads, access to proprietary systems and technologies, and operational or marketing support. Such suspension shall not be deemed a breach by Franchisor, and all fees and obligations of Franchisee shall continue during such period of suspension.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Franchisor based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to Franchisor all copies of the Manual, Confidential Information and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Franchisor or any new franchisee as may be directed by Franchisor, and Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks; and
- (v) return Modern PURAIR proprietary equipment to Franchisor and cease using any intellectual property associated with Franchise.

14.4 Remove Identification. If Franchisee operates from a Location other than Franchisee's home, then within thirty (30) days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Modern PURAIR business, to the reasonable satisfaction of Franchisor. Franchisee shall comply with any reasonable instructions and procedures of Franchisor for de-identification. If Franchisee fails to do so within thirty (30) days after this Agreement expires or is terminated, Franchisor may enter the Location to remove the Marks and de-identify the Location. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Franchisor.

14.5 Other Claims. Termination of this Agreement by Franchisor will not affect or discharge any claims, rights, causes of action or remedies (including claims for Franchisor's lost future income after termination), which Franchisor may have against Franchisee, whether arising before or after termination.

14.6 Purchase Option. When this Agreement expires or is terminated, Franchisor will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value. To exercise this option, Franchisor must notify Franchisee no later than thirty (30) days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within thirty (30) days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Franchisor's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. If Franchisor exercises the purchase option, Franchisor may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts which Franchisor paid or will pay to third parties to satisfy indebtedness owed by Franchisee to third parties. If any of the assets are subject to a lien, Franchisor may pay a portion of the purchase price directly to the lienholder to pay off such lien. Franchisor may withhold twenty-five percent (25%) of the purchase price for ninety (90) days to ensure that all of Franchisee's taxes and other liabilities are paid. Franchisor may assign this purchase option to another party.

14.7 Step-in Rights. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination due to Franchisee's failure to cure any default within the applicable time period (if any), then Franchisor has the right, but not the obligation, to exercise complete authority with respect to the operation of the Franchised Business until such time that Franchisor determines, in its sole discretion, that the default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this Agreement. In the event Franchisor exercises these "step-in rights," Franchisee must, in addition to continuing to pay Franchisor all other fees due under this Agreement, (a) pay Franchisor a management fee amounting to eight percent (8%) of the Gross Sales of the Franchised Business during the time period that Franchisor's representatives are operating the Franchised Business (the "Management Fee") and (b) reimburse Franchisor for all actual costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business, including without limitation, costs of personnel supervising and staffing the Franchised Business and any travel, lodging and meal expenses. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee must indemnify, defend, and hold Franchisor (and its representatives and employees) harmless from and against any claims that may arise out of Franchisor's operation of the Franchised Business.

14.8 Liquidated Damages. If Franchisor terminates this Agreement based on Franchisee's default, or if Franchisee abandons or otherwise ceases to operate the Franchised Business, then, in addition to all other amounts due under this Agreement and all other remedies available under the law, Franchisee shall pay Franchisor, as liquidated damages, an amount calculated as follows: (a) the average of Franchisee's monthly Royalty Fees and Brand Fund contributions due for the trailing twelve (12) months (or, if Franchisee has been operating for less than twelve (12) months, the average of Franchisee's weekly Royalty Fees and Brand Fund contributions due for the number of months that Franchisee has operated the Franchised Business); (b) multiplied by the lesser of twenty-four (24) or the number of months then-remaining in the term of this Agreement (the "Liquidated Damages"). Franchisee and the Owners shall be jointly and severally liable to Franchisor for the Liquidated Damages and shall pay Franchisor the Liquidated Damages within thirty (30) days of the effective date of termination. Notwithstanding the foregoing, the Liquidated Damages shall only account for the future Royalty Fees and Brand Fund contributions that

Franchisee would have paid Franchisor but for the early termination of this Agreement, and the Liquidated Damages (i) shall be in addition to any and all past-due amounts Franchisee owes Franchisor as of the effective date of termination, and (ii) shall not preclude Franchisor from pursuing damages against Franchisee and its Owners for any violations of the Confidentiality and Non-Competition covenants under Section 13 of this Agreement.

ARTICLE 15. TRANSFERS

15.1 By Franchisor. Franchisor may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Franchisor may undergo a change in ownership and/or control, without the consent of Franchisee. Upon written request by Franchisor, and in connection with any actual or proposed sale, assignment, or other transfer of all or any part of the Franchise System or Franchisor's rights under this Agreement, including a merger, acquisition, or other change in control of Franchisor or its affiliates (each, a "Franchisor Transaction"), Franchisee shall execute and deliver to Franchisor or its designated third party (including a prospective purchaser, assignee, or lender) an estoppel certificate in a form reasonably requested by Franchisor, which may include, without limitation, statements that: (i) the Agreement is valid and in full force and effect and has not been amended except as identified in the certificate; (ii) to the best of Franchisee's knowledge, Franchisor is not in default under the Agreement, or if a default exists, a description thereof; (iii) Franchisee is not in default under the Agreement and has no existing claims, defenses, or offsets against Franchisor; (iv) the commencement and expiration dates of the Term of the Agreement; (v) the amount and status of any fees due to Franchisor; and (vi) any other factual matters reasonably requested by Franchisor or its prospective acquirer, assignee, or lender. Franchisee shall deliver the executed certificate within ten (10) days of receipt of the request, and failure to do so shall constitute a material breach of this Agreement and may be deemed by Franchisor as a representation that the Agreement is in full force and effect without modification, that there are no existing defaults by Franchisor, and that Franchisee has no claims, defenses, or offsets against Franchisor, and Franchisor shall have the right to provide such deemed certificate to any third party in connection with a Franchisor Transaction.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Franchisor at least sixty (60) days prior notice of the proposed Transfer, and without obtaining Franchisor's consent. In granting any such consent, Franchisor may impose conditions, including, without limitation, the following:

- (i) Franchisor receives a transfer fee equal to ten thousand dollars (\$10,000) per Territory being transferred ("Transfer Fee");
- (ii) the proposed assignee and its owners have completed Franchisor's franchise application processes, meet Franchisor's then-applicable standards for new franchisees, and have been approved by Franchisor as franchisees;
- (iii) the proposed assignee is not a Competitor;

- (iv) the proposed assignee executes Franchisor's then-current form of franchise agreement, which form may contain materially different provisions from this Agreement;
- (v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to Franchisor in full, and Franchisee is not otherwise in default or breach of this Agreement;
- (vii) the proposed assignee and its owners and employees undergo such training as Franchisor may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of Franchisor in a form satisfactory to Franchisor;
- (ix) Franchisee or the proposed transferee reimburses Franchisor upon receipt of Franchisor's invoice for any broker commissions or other placement fees Franchisor incurs as a result of the Transfer (Franchisee hereby acknowledges that Franchisor may have third-party franchise sales and/or broker agreements that require the payment of fees or commissions to third-party sales agents upon the Transfer occurring. Franchisee may request the applicable commissions or fees from Franchisor prior to closing on a Transfer);
- (x) Franchisee or the proposed transferee pays Franchisor the Resale Fee (described below) prior to closing, if applicable; and
- (xi) the Business fully complies with all of Franchisor's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least fifteen (15) days' notice to Franchisor, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Franchisor, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5. Franchisor may require Franchisee to pay its reasonable costs associated with completing a transfer for convenience of ownership, but Franchisee shall not be required to pay Franchisor the ten thousand dollar (\$10,000) transfer fee set forth in Section 15.2.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Franchisor within nine (9) months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 Franchisor's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except as set forth under Section 15.3), Franchisor will have a right of first refusal, as

set forth in this Section. Franchisee (or its Owners) shall provide to Franchisor a copy of the terms and conditions of any proposed Transfer. For a period of thirty (30) days from the date of Franchisor's receipt of the terms of a proposed Transfer, Franchisor will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Franchisor may substitute cash for any other form of payment). If Franchisor does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Section.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

15.8 Franchisor's Resale Fee. In addition to the other provisions of this Section 15, if Franchisor introduces a third party to Franchisee and Franchisee sells, assigns, or otherwise transfers to such third party (i) some or all of the equity interests in Franchisee, if Franchisee is an entity; (ii) some or all of the assets of the Franchised Business; or (iii) some or all of Franchisee's rights under this Agreement, including the rights to one or more Territories; then Franchisee shall pay Franchisor the greater of ten thousand dollars (\$10,000) or ten percent (10%) of the sale price received from such third party (the "Resale Fee"). Franchisee shall pay Franchisor the Resale Fee on the date that Franchisee closes on the transfer described herein, and Franchisor may condition its consent to any applicable transfer on Franchisor's receipt of the Resale Fee. The Resale Fee shall be paid to Franchisor in addition to the Transfer Fee.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Franchisor) Franchisor, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Franchisor and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee's misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption by Franchisor. Franchisor may elect to assume the defense and/or settlement of any Action subject to indemnification under Section 16.1, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Mediation.

(a) Except as otherwise provided in this Agreement, and as a condition precedent to the initiation of any arbitration proceeding by Franchisee, Franchisee agrees to first submit any dispute, controversy, or claim arising out of or relating to this Agreement, the relationship between the parties, or the operation of the Franchised Business, to non-binding mediation at Franchisor's option, as described herein. The mediation shall be conducted in the city and state designated by Franchisor, under the Commercial Mediation Rules of the American Arbitration Association or such other rules as Franchisor may designate. Mediation shall be initiated by written notice from Franchisee to Franchisor. Franchisor shall have thirty (30) days after receiving notice from Franchisee in which to agree to decline to mediate the dispute. If Franchisor declines to mediate the dispute or otherwise does not agree to mediate within thirty (30) days of receiving notice from Franchisee, Franchisee may proceed with initiating an arbitration as described below. Mediation shall be held within sixty (60) days of Franchisor agreeing to mediate the dispute unless otherwise agreed.

(b) Notwithstanding the foregoing, the obligation to mediate shall not apply to any claims brought by the Franchisor against the Franchisee.

(c) The costs of mediation shall be shared equally by the parties, except that each party shall bear its own attorneys' fees and costs. The mediator shall have at least ten (10) years of experience practicing franchise law.

17.2 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement (including its formation) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its then-current Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. All individual owners of Franchisee shall be subject to arbitration as described herein. Franchisee expressly agrees that any claims Franchisee brings against Franchisor, its members, directors, officers, employees, agents, or representatives shall be exclusively resolved by arbitration as described in this paragraph. If Franchisor prevails on a motion to compel Franchisee's claims to arbitration, Franchisee shall pay Franchisor's attorney's fees, costs, and expenses related to such action. In any arbitration, the arbitrator must have no less than ten (10) years of experience practicing franchise law.

(b) Location. The arbitration shall take place in Delaware unless the parties mutually agree to conduct the arbitration (or one or more portions of the arbitration) virtually.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief. Specifically, notwithstanding the foregoing, Franchisor may seek injunctive relief for Franchisee's (and Franchisee's owners)

alleged violation of the Covenants in Section 13 of this Agreement (and the Personal Guaranty as applicable to Franchisee's owners) in any court of competent jurisdiction, and Franchisee waives any bond requirement related to such injunctive relief.

(d) **Confidentiality.** All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Franchisor to comply with laws and regulations applicable to the sale of franchises.

(e) **Performance During Arbitration or Litigation.** Unless this Agreement has been terminated, Franchisor and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any mediation, arbitration, or other legal action arising from or related to this Agreement must be instituted within one (1) year from the date such party discovers the conduct or event that forms the basis of the mediation, arbitration, or other legal action. The foregoing time limit does not apply to claims (i) by a party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court in Delaware. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the state courts of Delaware. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, Franchisee shall pay Franchisor's attorney fees, costs and other expenses of the legal proceeding if Franchisor prevails upon the central litigated issues.

17.7 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior to the expiration of the term due to Franchisee's default, Franchisor's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to Franchisor but for the termination.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Franchisor is not a fiduciary of Franchisee. Franchisor does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Franchisor's interest in the System and the Marks, and the goodwill established in them, and not

for the purpose of establishing any control, or duty to take control, over the Business. Franchisor has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Franchisor, and Franchisor's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Franchisor's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the State of Delaware (without giving effect to its principles of conflicts of law) govern this Agreement, any Addenda or later Amendments, and all adversarial proceedings between the parties. The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Franchisor, addressed to 201-1475 Ellis Street, Kelowna, British Columbia V1Y 2A3 Canada. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier such as Federal Express or UPS. Notwithstanding the foregoing, Franchisor may amend the Manual, give binding notice of changes to the System Standards, and deliver notices of default to Franchisee by electronic mail or other electronic communication.

18.10 Joint and Several Liability. If two (2) or more people sign this Agreement as "Franchisee", each will have joint and several liability.

18.11 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Franchisor does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Franchisor.

Agreed to by:

FRANCHISOR:

PURAIR FRANCHISING LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

[if one or more individual(s)]:

By: _____
Name: _____
Date: _____

By: _____
Name: _____
Date: _____

[if an entity:]

By: _____
Name: _____
Title: _____
Date: _____

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing an Addendum to Franchise Agreement pursuant to:

<input type="checkbox"/> Illinois	<input type="checkbox"/> North Dakota
<input type="checkbox"/> Indiana	<input type="checkbox"/> Rhode Island
<input type="checkbox"/> Maryland	<input type="checkbox"/> Washington
<input type="checkbox"/> Minnesota	<input type="checkbox"/> Other
<input type="checkbox"/> New York	

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

Form of Ownership. Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

State: _____

Owners. If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

Officers. If Franchisee is a limited liability company or corporation:

Name	Title

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of PURAIR Franchising LLC, a Delaware limited liability company (“Franchisor”).

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with Franchisor for the franchise of a Modern PURAIR business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee or is the spouse of an individual who owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Franchisor to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Franchisor and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Franchisor, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Franchisor upon demand from Franchisor. Guarantor waives (a) acceptance and notice of acceptance by Franchisor of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Franchisor make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Franchisor for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor

acknowledges that all Confidential Information is owned by Franchisor or its affiliates (except for Confidential Information which Franchisor licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Franchisor. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two (2) years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two (2) years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor operating (i) in any of Franchisee's Territory or any of Franchisee's Territories, (ii) within twenty-five miles of Franchisee's Territory or Territories, or (iii) in the territory of any other Modern PURAIR business operating on the date of termination or transfer, as applicable. For purposes of this Section 3, "Competitor" means any business that offers indoor air quality services, including, without limitation, furnace and air duct cleaning, indoor air quality testing, coil cleaning, dryer vent cleaning, air purification equipment and filter maintenance programs.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Franchisor. Guarantor agrees that the existence of any claim it or Franchisee may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to its principles of conflicts of law). The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

[Signatures on Following Page]

Agreed to by:

Name: _____
Address: _____

Date: _____

ATTACHMENT 3 TO THE FRANCHISE AGREEMENT
FRANCHISOR ADDENDUM TO LEASE AGREEMENT

THIS FRANCHISOR ADDENDUM TO LEASE AGREEMENT (this “**Addendum**”) is effective as of _____ (the “**Effective Date**”), and is being signed simultaneously with the Lease (the “**Lease**”) dated _____ between _____ (the “**Franchisee**” or “**Tenant**”) and _____ (the “**Landlord**”) for the real property commonly known as (the “**Premises**”).

1. **Incorporation and Precedence.** This Addendum is incorporated into the Lease and supersedes any conflicting provisions in it. Capitalized terms not otherwise defined in this Addendum have the meanings as defined in the Lease.

2. **Background.** The Tenant will operate a Modern PURAIR franchise at the Premises under a Franchise Agreement dated _____ (the “**Franchise Agreement**”) with PURAIR Franchising LLC (the “**Franchisor**”). By entering into a franchise relationship with the Franchisor, the Tenant has agreed to grant the Franchisor a security interest in all of the furniture, fixtures, inventory and supplies located in the Premises as collateral for: (a) the payment of any obligation, liability or other amount owed by Tenant or its affiliates to the Franchisor under the Franchise Agreement. The Franchise Agreement also requires that the Lease contain provisions that the Tenant is requesting the Landlord to include.

3. **Access to Premises.** During the term of the Lease, the Landlord and Tenant acknowledge and agree that the Franchisor will have unrestricted access to the Premises within normal business hours to inspect the Premises and Tenant’s business operations in accordance with the Franchise Agreement.

4. **Notice of Default.** The Landlord will give written notice to the Franchisor (concurrently with the giving of such notice to the Tenant) of any default (a “**Default**”) by the Tenant under the Lease by certified mail, return receipt requested, or by nationally recognized overnight courier service, at the following address or to such other address as the Franchisor may provide to Landlord from time to time:

PURAIR Franchising LLC
201-1475 Ellis Street
Kelowna, British Columbia
V1Y 2A3 Canada
Attention: Lane Martin

Such notice will grant the Franchisor the right, but not the obligation, to cure any Default, if the Tenant fails to do so, within ten (10) days after the expiration of the period in which the Tenant may cure the Default under the Lease. Such notice will also grant the Franchisor ten (10) days in which to exercise its right to assume the lease as described below.

5. **Franchisor’s Assumption of Lease.** Within ten (10) days of receiving notice of a

Default of the Lease by Tenant or upon the default of the Franchise Agreement by Tenant, Franchisor may deliver written notice to Landlord to have the Lease assigned to the Franchisor or a wholly-owned affiliate as lessee (the “**Assignment Notice**”). Upon receiving such written notice, (i) the Franchisor or its wholly-owned affiliate will become the lessee of the Premises and will be liable for all past-due obligations under the Lease as well as obligations arising after the date of the Assignment Notice, and (ii) the Landlord will recognize the Franchisor or its wholly-owned affiliate as the lessee of the Premises effective as of the date of the Assignment Notice. Nothing herein shall be construed as a requirement of the Franchisor or an affiliate to assume the Lease.

6. **Amendment**. The Landlord and the Tenant will not cancel, terminate, modify or amend the Lease such that the Franchisor’s rights under this Addendum are altered in any way without the Franchisor’s prior written consent.

7. **Benefits and Successors**. The benefits of this Addendum inure to the Franchisor and to its successors and assigns.

8. **Remaining Provisions Unaffected**. Those parts of the Lease that are not expressly modified by this Addendum remain in full force and effect.

Intending to be bound, the Landlord and the Tenant sign and deliver this Addendum effective on the Effective Date, regardless of the actual date of signature.

“**LANDLORD**”

By: _____
Its: _____

“**TENANT**”

By: _____
Its: _____

ATTACHMENT 4 TO THE FRANCHISE AGREEMENT

EFT AUTHORIZATION FORM

Bank Name: _____
ABA# : _____
Acct. No.: _____
Acct. Name: _____

Effective as of the date of the signature below, _____ (the "Franchisee") hereby authorizes PURAIR Franchising LLC (the "Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover all payments that are due and owing to the Company or its affiliates under the franchise agreement dated _____ (the "Franchise Agreement") for the franchised business located at: _____.

Such withdrawals shall occur on a weekly basis or on such other schedule as the Company may specify in writing from time to time. This authorization shall remain in full force and effect until terminated in writing by the Company. The Franchisee shall provide a voided check from the above-referenced account to the Company in conjunction with executing this authorization.

AGREED:

FRANCHISEE

[INSERT FRANCHISEE NAME]

By: _____

Name (Print): _____

Its: _____

FRANCHISOR APPROVAL

PURAIR FRANCHISING LLC

By: _____
Lane Martin, Chief Executive Officer and President

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

EXHIBIT C
FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of PURAIR Franchising LLC, A Delaware limited liability company (“Franchisor”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

1. Release. Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Franchisor, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).

2. Covenant Not to Sue. Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. Representations and Acknowledgments. Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

4. Miscellaneous. If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Franchisor reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This Release does not apply to claims arising under the Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

Agreed to by:

Name: _____
Date: _____

EXHIBIT D
FINANCIAL STATEMENTS

PURAIR Franchising LLC

Financial Statement

As of January 31, 2025

PURAIR Franchising LLC

Financial Statement

As of January 31, 2025

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Dallas Office
2425 N Central Expy.
Suite 200
Richardson, TX 75080
Phone 972 238 5900
Fax 972 692 5357

www.agllp-cpa.com

Independent Auditor's Report

To the Member
PURAIR Franchising LLC
Wilmington, Delaware

Report on the Financial Statement

Opinion

We have audited the balance sheet of PURAIR Franchising LLC (the "Company") as of January 31, 2025 and related notes to the financial statement.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company as of January 31, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Statement section of our report. We are required to be independent of PURAIR Franchising LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PURAIR Franchising LLC's ability to continue as a going concern within one year from the date the financial statement is issued.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of this financial statement.

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 financial statement, 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 financial statement.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PURAIR Franchising LLC'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 financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PURAIR Franchising LLC'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.

A+G LLP

Dallas, Texas
February 21, 2025

PURAIR Franchising LLC

Balance Sheet

As of January 31,

2024

Assets

Current assets:

Cash and cash equivalents \$ 150,079

Total assets

\$ 150,079

Member's Equity

Member's equity \$ 150,079

Member's equity \$ 150,079

See accompanying notes and independent auditor's report.

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NOTES TO FINANCIAL STATEMENT

1. Organization and Operations

Description of Business

PURAIR Franchising LLC, a Delaware limited liability company, was formed on January 15, 2025 ("Inception") and is located in Wilmington, Delaware. References in these financial statement footnotes to "Company", "we", "us" and "our" refer to the business of PURAIR Franchising LLC, which is a wholly owned subsidiary of PURAIR Holdings LLC. ("PAH", the "Member", or the "Parent"), which is a wholly owned subsidiary of Modern PURAIR, Inc., a corporation formed under the law of British Columbia, Canada ("MPA" or the "Ultimate Parent").

The Company is a limited liability company, and therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

The Company was formed for the purpose of granting franchises for the operation of a Modern PURAIR business, which offers full service indoor air quality services, including furnace and air duct cleaning, indoor air quality testing, coil cleaning, dryer vent cleaning, air purification equipment and filter maintenance programs (the "Services"), through the use of approved vehicles ("Vehicles") to residential and commercial customers using a system that we may periodically update, substitute, amend, or modify (the "System"). Modern PURAIR businesses operate under the trade name and mark "Modern PURAIR" and additional service marks, trademarks, trade names, logos, emblems, and indicia of origin (the "Marks").

Modern PURAIR, Inc., our ultimate parent, owns the trademarks and other intellectual property related to the Modern PURAIR franchise system. MPA has licensed the trademarks and other intellectual property to the Company under a perpetual license agreement (the "License"). The License grants the Company the right to use these trademarks and other intellectual property to sublicense them to franchisees of the Company.

As of January 31, 2025, there were 0 franchised outlets, and 0 affiliate-owned outlets in operation.

Going Concern

The accompanying financial statement has been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is in the start-up phase of its business and may be dependent upon additional funding from its member and ultimate parent. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company's member and ultimate parent have committed to providing the necessary funding to ensure the Company has sufficient liquidity to satisfy its obligations for at least twelve months following the issuance of the financial statements.

After considering the financial wherewithal of its member and ultimate parent to provide financial support to the Company to ensure the continued financial viability of the Company for at least twelve months following the issuance of the financial statements, management concluded that substantial doubt about the Company's ability to continue as a going concern has been alleviated. Accordingly, these financial statements do not include any adjustments that would be required were the Company not be able to continue as a going concern.

2. 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.

NOTES TO FINANCIAL STATEMENT

2. Significant Accounting Policies (continued)

Use of Estimates

The preparation of the financial statement and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the income taxes, among other. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Fair Value Measurements

Fair value is defined as the price that would be 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 of cash and cash equivalents. The carrying value of cash and cash equivalents is considered to be representative of its respective fair value due to the short-term nature of this instrument.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Income Taxes

The Company is a single member LLC and is treated as a division of its parent, PAH, which is a wholly owned subsidiary of MPA, a foreign entity, and as such is taxed as a C-Corporation.

Income taxes are provided for the tax effects of transactions reported in the financial statement and consist of taxes currently due plus deferred taxes. Deferred income taxes are provided for the temporary differences in basis of the Company's assets and liabilities and their reported amounts. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are determined based on the enacted rates that are expected to be in effect when these differences are expected to reverse. Deferred tax expense or benefit is the result of the changes in the deferred tax assets and liabilities. The Company records a valuation allowance to reduce deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company recognizes income tax related interest and penalties in interest expense and general and administrative expenses, respectively.

The Company has analyzed tax positions taken for filing with the jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at January 31, 2025.

NOTES TO FINANCIAL STATEMENT

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740) - Improvements to Income Tax Disclosures". The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions and applies to all entities subject to income taxes. ASU 2023-09 will be effective for annual periods beginning after December 15, 2025. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of adopting ASU No. 2023-09 on its financial statements.

We reviewed other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

Subsequent Events

In accordance with FASB ASC 855, Subsequent Events, the Company has evaluated subsequent event through February 21, 2025, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in a bank deposit account that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

4. Commitments and Contingencies

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of the management, all matters are of such nature, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

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EXHIBIT F
CURRENT AND FORMER FRANCHISEES

Franchisees Opened as of December 31, 2024

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

Franchisee	Address	Phone Number	Number of Territories
N/A			

Franchisees Signed but not yet Opened as of December 31, 2024

Franchisee	Address	Phone Number	Number of Territories
N/A			

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

Franchisee	Address	Phone Number
N/A		

EXHIBIT G

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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.

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 OFFERING CIRCULAR.

OUR WEBSITE, www.modernpurair.com, 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.dfp.ca.gov.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document 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 persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is ten percent (10%).

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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.

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 Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Delaware, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and 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.

The Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____
2. A proposed registration or filing is or will be shortly on file in the following states: _____
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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.

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.

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.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

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 following is added to Item 17:

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.

You may bring an action under such law within three years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is 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.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

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.

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.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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 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 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. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

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 grounds for default or termination stated in the Franchise Agreement do 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.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit H for Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, and Related Agreements)

EXHIBIT H

STATE ADDENDA TO FRANCHISE AGREEMENT

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated _____ (the “Agreement”), between PURAIR Franchising LLC, a Delaware limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

2. Governing Law and Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. Limitation of Claims. No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of three (3) years from the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or ninety (90) days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

4. Waivers Void. Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

PURAIR FRANCHISING LLC

By: _____
Name: _____
Title: _____
Date: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated _____ (the “Agreement”), between PURAIR Franchising LLC, a Delaware limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the protected territory granted the franchisee by the franchise agreement; or, if no protected territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase

notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the protected area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

PURAIR FRANCHISING LLC

By: _____
Name: _____
Title: _____
Date: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated _____ (the “Agreement”), between PURAIR Franchising LLC, a Delaware limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. No Release of Liability. Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

3. Statute of Limitations. Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three (3) years after the grant of the franchise.

4. Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

5. No Waiver of State Law. All representations 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.

6. Arbitration. This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive trade 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.

7. Franchise 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.

[Signatures on Following Page]

Agreed to by:

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

PURAIR FRANCHISING LLC

By: _____
Name: _____
Title: _____
Date: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated _____ (the “Agreement”), between PURAIR Franchising LLC, a Delaware limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given ninety (90) days’ notice of termination (with 60 days to cure) and one hundred and eighty (180) days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three (3) years after the cause of action accrues.”

3. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

PURAIR FRANCHISING LLC

By: _____
Name: _____
Title: _____
Date: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated _____ (the “Agreement”), between PURAIR Franchising LLC, a Delaware limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement.

2. Waivers Not Required. Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3 Waivers of New York Law Deleted. Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. Governing Law. Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

5. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

PURAIR FRANCHISING LLC

By: _____
Name: _____
Title: _____
Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated _____ (the “Agreement”), between PURAIR Franchising LLC, a Delaware limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) **Restrictive Covenants:** Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) **Situs of Arbitration Proceedings:** Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) **Restrictions on Forum:** Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) **Liquidated Damages and Termination Penalties:** Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) **Applicable Laws:** The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) **Waiver of Trial by Jury:** Franchisee and any Guarantor do not waive a trial by jury.
- (7) **Waiver of Exemplary and Punitive Damages:** The parties do not waive exemplary and punitive damages.
- (8) **General Release:** Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) **Limitation of Claims:** Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) **Enforcement of Agreement:** The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

[Signatures on Following Page]

3. **Effective Date.** This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

PURAIR FRANCHISING LLC

By: _____
Name: _____
Title: _____
Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated _____ (the “Agreement”), between PURAIR Franchising LLC, a Delaware limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

PURAIR FRANCHISING LLC

By: _____
Name: _____
Title: _____
Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND 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. **Nonsolicitation 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.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Agreed to by:

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

PURAIR FRANCHISING LLC

By: _____
Name: _____
Title: _____
Date: _____

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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

RECEIPT

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 PURAIR Franchising 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 requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If PURAIR Franchising 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 any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Lane Martin	201-1475 Ellis Street, Kelowna, British Columbia V1Y 2A3 Canada	(800) 986-0364
Bobby Brennan	3825 Edward Road, Suite 103, Cincinnati, Ohio 45209	1-800-986-0364
Ryan Sacco	3825 Edward Road, Suite 103, Cincinnati, Ohio 45209	1-800-986-0364

Issuance Date: May 12, 2025

I received a disclosure document dated May 12, 2025 that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement
- C. Form of General Release
- D. Financial Statements
- E. Manual Table of Contents
- F. Current and Former Franchisees
- G. State Addenda to Disclosure Document
- H. State Addenda to Franchise Agreement

Signature: _____

Print Name: _____

Date Received: _____

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy For Your Records

RECEIPT

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 PURAIR Franchising 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 requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If PURAIR Franchising 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 any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Lane Martin	201-1475 Ellis Street, Kelowna, British Columbia V1Y 2A3 Canada	(800) 986-0364
Bobby Brennan	3825 Edward Road, Suite 103, Cincinnati, Ohio 45209	1-800-986-0364
Ryan Sacco	3825 Edward Road, Suite 103, Cincinnati, Ohio 45209	1-800-986-0364

Issuance Date: May 12, 2025

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- E. Manual Table of Contents
- F. Current and Former Franchisees
- G. State Addenda to Disclosure Document
- H. State Addenda to Franchise Agreement

Signature: _____

Print Name: _____

Date Received: _____

Signature: _____

Print Name: _____

Date Received: _____

Return this copy to us.
PURAIR Franchising LLC
201-1475 Ellis Street, Kelowna, British Columbia V1Y 2A3 Canada