

**Form A – Uniform Franchise Registration Application**

**UNIFORM FRANCHISE REGISTRATION APPLICATION**

File No. 430828-71  
(Insert file number of immediately preceding filing of Applicant)

State: Wisconsin

Fee: \$400

**APPLICATION FOR (Check only one):**

- INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES
- RENEWAL APPLICATION OR ANNUAL REPORT
- PRE-EFFECTIVE AMENDMENT
- POST-EFFECTIVE MATERIAL AMENDMENT

- 
1. Full legal name of Franchisor: Sparkle International, Inc.
  2. Name of the franchise offering: Sparkle International, Inc.
  3. Franchisor's principal business address:  
7599 First Place, Oakwood, Ohio 44146
  4. Name and address of Franchisor's agent in this State authorized to receive service of process: State of Wisconsin, Department of Financial Institutions, Division of Securities, P.O. Box 1768, Madison, WI 53701-1768.
  5. The states in which this application is or will be shortly on file: Florida, Hawaii, Illinois, Indiana, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Utah, Virginia, Washington, Wisconsin

6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed:

Greg Chrisman, Esq.  
1801 E. 9th Street, Suite 1200  
Cleveland, OH 44114-3108

**Certification**

I certify and swear under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of June 21, 2023 attached as an exhibit, and that all material facts stated in all those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Signed at CLEVELAND, OH, JUNE 13, 2023

Franchisor:

SPARKLE INTERNATIONAL, INC

By:



Name:

TIM KHAKHT

Title:

PRESIDENT

Form B – Supplemental Information

SUPPLEMENTAL INFORMATION

1. Disclose:

A. The states in which this proposed registration application is effective.

IL, FL, IN, MI, MN, NY, SD, UT, VA

B. The states in which this proposed registration application is or will be shortly on file.

MD, HI, ND

C. The states that have refused to register this franchise offering. None

D. The states that have revoked or suspended the right to offer franchises. None

E. The states in which this proposed registration of these franchises has been withdrawn within the last five years, and the reasons for revocation or suspension. None

2. Source of Funds for Establishing New Franchises

Disclose franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchise, including real estate, improvements, equipment, inventory, training and other items stated in the offering. Category

Costs

Real Estate	\$0
Improvements	\$0
Equipment	\$50k - \$55k
Inventory	\$5k
Training	\$10k
Other	\$0

State separately the sources of all required funds.

Operating Funds, Franchise Fees Collected

Form C – Uniform Franchise Consent to Service of Process

UNIFORM FRANCHISE CONSENT TO SERVICE OF PROCESS

Sparkle International, Inc. \_\_\_\_\_, a \_\_\_\_\_ corporation organized under the laws of the State of Ohio \_\_\_\_\_ (the "Franchisor"), irrevocably appoints the officers of the States designated below and their successors in those offices, its attorney in those States for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of that State, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within that State by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of that State and had lawfully been served with process in that State. We have checked below each state in which this application is or will be shortly on file, and provided a duplicate original bearing an original signature to each state.

\_\_\_\_\_ California: Commissioner of Corporations

\_\_\_\_\_ North Dakota: Securities Commissioner

\_\_\_\_\_ Hawaii: Commissioner of Securities

\_\_\_\_\_ Rhode Island: Director, Department of Business Regulation

\_\_\_\_\_ Illinois: Attorney General

\_\_\_\_\_ South Dakota: Director of the Division of Securities

\_\_\_\_\_ Indiana: Secretary of State

\_\_\_\_\_ Virginia: Clerk, Virginia State Corporation Commission

\_\_\_\_\_ Maryland: Securities Commissioner

\_\_\_\_\_ Washington: Director of Financial Institutions

\_\_\_\_\_ Minnesota: Commissioner of Commerce

X  
\_\_\_\_\_ Wisconsin: Administrator, Division of Securities, Department of Financial Institutions

\_\_\_\_\_ New York: Secretary of State

Please mail or send a copy of any notice, process or pleading served under this consent to:

\_\_\_\_\_ Greg Chrisman, Esq.  
\_\_\_\_\_ (Name and address)  
\_\_\_\_\_ 1801 E. 9th Street, Suite 1200  
\_\_\_\_\_ Cleveland, OH 44114-3108  
\_\_\_\_\_

Dated: JUNE 13, 2023

Franchisor:

SPARKLE INTERNATIONAL INC

By: [Signature]

Name: TIM KHAYAT

Title: PRESIDENT

**Form D – Franchise Seller Disclosure Form**

**FRANCHISE SELLER DISCLOSURE FORM**

**1. List who will solicit, offer or sell franchises for the Franchisor in this state:**

- A. Name:** Timothy Khayat
- B. Business address and telephone number:** 7599 First Place, Oakwood, OH 44146 (216) 446-9661
- C. Present employer:** Sparkle International, Inc.
- D. Present title:** President
- E. Employment during the past five years. For each employment, state the name of the employer, position held, and beginning and ending dates:**  
Wireless Telecom 205-2019 (Director of Operations)

**2. State whether the person identified in 1 above:**

**A. Has an administrative, criminal or material civil action pending against that person alleging a violation of franchise, antitrust or securities law, or alleging fraud, unfair or deceptive practices, or any comparable allegations?**

YES \_\_\_\_\_ NO  X

If you answered "yes", please provide:

- 1. Names of the parties:**
- 2. Forum, nature and current status of the pending action:**
- 3. Case or proceeding identification number:**

**B. Had during the 10-year period immediately before the disclosure document's issuance date been convicted of or pleaded nolo contendere to a felony charge; or been held liable in a civil action involving an alleged violation of a franchise, antitrust or securities law, or allegations of fraud, unfair or deceptive practices, or comparable allegations?**

YES \_\_\_\_\_ NO  X

If you answered "yes", please provide:

- 1. Names of the parties:**
- 2. The forum:**
- 3. Case or proceeding identification number:**

C. Is subject to a currently effective injunction or restrictive order or decree resulting from a pending or concluded action brought by a public agency and relating to the franchise, or to a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law.

YES \_\_\_\_\_ NO  \_\_\_\_\_

If you answered "yes", please provide:

1. Name of the person:
2. Public agency or court:
3. Case or proceeding identification number:

**Instructions for Preparing  
Form D – Franchise Seller Disclosure Form**

Complete one Franchise Seller Disclosure Form for each person who may be engaged in soliciting or offering or selling the franchises for the Franchisor submitting the Application. A form should be submitted for the franchisor's own employees, for the employees of its parent(s) or affiliates, and for any independent third party (e.g., broker) who may be providing sales services on its behalf in each Franchise Filing State (if required by the Franchise Filing State). Do not submit a form for the franchisor entity or master franchisee/subfranchisor entity.

1. Only provide the Franchise Filing State with Franchise Seller Disclosure Forms for those franchise sellers who will be acting on behalf of the Franchisor in that particular state.
2. In Section 1, insert the name, business address and telephone number, present employer, present title and employment of the franchise seller for the past 5 years.
3. In Section 2, answer "yes" or "no" to each question (A, B and C). If the answer is "yes" to any question, provide the requested additional information.
4. For purposes of Section 2 B., "held liable" means that, as a result of claims or counterclaims, ~~the person must pay money or other consideration, must reduce an indebtedness by the amount of an award, cannot enforce its rights, or must take action~~ adverse to its interest. Accordingly, dismissals concluding an adversary proceeding need not be disclosed, but a settlement resolving an adversary proceeding must be disclosed if the person is held liable as defined above.
5. If a franchise seller is no longer soliciting or offering or selling franchises on behalf of the Franchisor, promptly notify each state agency with which the Franchise Seller Disclosure Form has been filed by letter of the termination of that relationship.
6. As new franchise sellers are added, promptly submit Franchise Seller Disclosure Forms for those new franchise sellers to the state agencies for the states in which the franchise sellers will be performing services.

**Form D – Franchise Seller Disclosure Form**

**FRANCHISE SELLER DISCLOSURE FORM**

**1. List who will solicit, offer or sell franchises for the Franchisor in this state:**

- A. Name:** Michael A. Klavora
- B. Business address and telephone number:** 7599 First Place, Oakwood, OH 44146 (216) 446-9661
- C. Present employer:** Sparkle International, Inc.
- D. Present title:** Vice President
- E. Employment during the past five years. For each employment, state the name of the employer, position held, and beginning and ending dates:**  
Sparkle International, Inc.

**2. State whether the person identified in 1 above:**

- A. Has an administrative, criminal or material civil action pending against that person alleging a violation of franchise, antitrust or securities law, or alleging fraud, unfair or deceptive practices, or any comparable allegations?**

YES \_\_\_\_\_ NO  X

If you answered "yes", please provide:

- 1. Names of the parties:**
- 2. Forum, nature and current status of the pending action:**
- 3. Case or proceeding identification number:**

- B. Had during the 10-year period immediately before the disclosure document's issuance date been convicted of or pleaded nolo contendere to a felony charge; or been held liable in a civil action involving an alleged violation of a franchise, antitrust or securities law, or allegations of fraud, unfair or deceptive practices, or comparable allegations?**

YES \_\_\_\_\_ NO  X

If you answered "yes", please provide:

- 1. Names of the parties:**
- 2. The forum:**
- 3. Case or proceeding identification number:**



C. Is subject to a currently effective injunction or restrictive order or decree resulting from a pending or concluded action brought by a public agency and relating to the franchise, or to a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law.

YES \_\_\_\_\_ NO  X  \_\_\_\_\_

If you answered "yes", please provide:

1. Name of the person:
2. Public agency or court:
3. Case or proceeding identification number:

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Form D – Franchise Seller Disclosure Form**

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3. In Section 2, answer "yes" or "no" to each question (A, B and C). If the answer is "yes" to any question, provide the requested additional information.
4. For purposes of Section 2 B., "held liable" means that, as a result of claims or counterclaims, ~~the person must pay money or other consideration, must reduce an indebtedness by the amount of an award, cannot enforce its rights, or must take action~~ adverse to its interest. Accordingly, dismissals concluding an adversary proceeding need not be disclosed, but a settlement resolving an adversary proceeding must be disclosed if the person is held liable as defined above.
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**Form D – Franchise Seller Disclosure Form**

**FRANCHISE SELLER DISCLOSURE FORM**

**1. List who will solicit, offer or sell franchises for the Franchisor in this state:**

**A. Name:** Edward Estergall

**B. Business address and telephone number:** 7599 First Place, Oakwood, OH 44146 (216) 446-9661

**C. Present employer:** Sparkle International, Inc.

**D. Present title:** Director of Operations

**E. Employment during the past five years. For each employment, state the name of the employer, position held, and beginning and ending dates:**

Sparkle International, Inc. (Director of Operations) 2013-Present

**2. State whether the person identified in 1 above:**

**A. Has an administrative, criminal or material civil action pending against that person alleging a violation of franchise, antitrust or securities law, or alleging fraud, unfair or deceptive practices, or any comparable allegations?**

YES \_\_\_\_\_ NO  X

If you answered "yes", please provide:

1. Names of the parties:
2. Forum, nature and current status of the pending action:
3. Case or proceeding identification number:

**B. Had during the 10-year period immediately before the disclosure document's issuance date been convicted of or pleaded nolo contendere to a felony charge; or been held liable in a civil action involving an alleged violation of a franchise, antitrust or securities law, or allegations of fraud, unfair or deceptive practices, or comparable allegations?**

YES \_\_\_\_\_ NO  X

If you answered "yes", please provide:

1. Names of the parties:
2. The forum:
3. Case or proceeding identification number:

C. Is subject to a currently effective injunction or restrictive order or decree resulting from a pending or concluded action brought by a public agency and relating to the franchise, or to a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law.

YES \_\_\_\_\_

NO

X \_\_\_\_\_

If you answered "yes", please provide:

1. Name of the person:
2. Public agency or court:
3. Case or proceeding identification number:

**Instructions for Preparing  
Form D – Franchise Seller Disclosure Form**

Complete one Franchise Seller Disclosure Form for each person who may be engaged in soliciting or offering or selling the franchises for the Franchisor submitting the Application. A form should be submitted for the franchisor's own employees, for the employees of its parent(s) or affiliates, and for any independent third party (e.g., broker) who may be providing sales services on its behalf in each Franchise Filing State (if required by the Franchise Filing State). Do not submit a form for the franchisor entity or master franchisee/subfranchisor entity.

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2. In Section 1, insert the name, business address and telephone number, present employer, present title and employment of the franchise seller for the past 5 years.
3. In Section 2, answer "yes" or "no" to each question (A, B and C). If the answer is "yes" to any question, provide the requested additional information.
4. For purposes of Section 2 B., "held liable" means that, as a result of claims or counterclaims, ~~the person must pay money or other consideration, must reduce an indebtedness by the amount of an award, cannot enforce its rights, or must take action~~ adverse to its interest. Accordingly, dismissals concluding an adversary proceeding need not be disclosed, but a settlement resolving an adversary proceeding must be disclosed if the person is held liable as defined above.
5. If a franchise seller is no longer soliciting or offering or selling franchises on behalf of the Franchisor, promptly notify each state agency with which the Franchise Seller Disclosure Form has been filed by letter of the termination of that relationship.
6. As new franchise sellers are added, promptly submit Franchise Seller Disclosure Forms for those new franchise sellers to the state agencies for the states in which the franchise sellers will be performing services.

## FRANCHISE DISCLOSURE DOCUMENT

SPARKLE INTERNATIONAL, INC.  
7599 First Place  
Oakwood, OH 44146  
(440) 374-0570

sales@sparklewash.com  
www.sparklewash.com



You will operate a Sparkle Wash International Cleaning Service, a mobile, self-contained, power cleaning, restoration and preservation system for commercial, residential and industrial use.

The total investment necessary to begin operation of a Sparkle International franchise is \$86,450.00 (trailer mounted) - \$114,450.00 (van mounted) for an exclusive franchise and \$101,450.00 (trailer mounted) - \$129,450.00 (van mounted) for a non-exclusive franchise. The total amount payable to the franchisor and/or its affiliates is \$66,950 (trailer mounted) - \$96,950.00 (van mounted) for an exclusive franchise and \$81,950 (trailer mounted) - \$111,950 (van mounted) for a non-exclusive franchise. This includes the \$20,000.00 franchise fee for an exclusive license and \$35,000 franchise fee for a non-exclusive license and the \$46,950.00 (trailer mounted) - \$76,950.00 (van mounted) equipment cost be paid to the franchisor or affiliate. The franchise fee can range from \$20,000.00 to \$75,000.00.

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 government 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 the Sales Office for the franchisor Sparkle International, Inc. at 7599 First Place, Oakwood, Ohio 44146, 440-374-0570.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, such as a lawyer or 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, DC 20580. You can also

visit the FTC's home page at [www.ftc.gov](http://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: \_\_\_\_\_ June 21, 2023 \_\_\_\_\_

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### 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:

<u>QUESTION</u>	<u>WHERE TO FIND INFORMATION</u>
<b>How much can I earn?</b>	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 franchisees. You can find their names and contact information in Item 20 or Exhibit F.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Sparkle Wash business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be Sparkle Wash franchisee?</b>	Item 20 or Exhibits F and G lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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.

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**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 B.

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

**Special Risks to Consider About *This* Franchise**

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Ohio. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Ohio than in your own state.
  
2. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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.

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Effective Date \_\_\_\_\_

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**LIST OF EXHIBITS:**

List of State Administrators .....	A
Agents for Service of Process .....	B
Purchase and License Agreement (Exclusive) .....	C
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## **ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

### **Franchisor, Parent, and Affiliates**

Sparkle International, Inc., ("we" or "us") was founded in 1965 and incorporated in the State of Ohio in 1967. We maintain our principal business address at 7599 First Place, Oakwood Village, Ohio 44146. We conduct business under our corporate name. We maintain a sales office at our principal place of business and retain the services of an independent sales organization, Franchise Sales Force at 111 Cass Avenue, Mount Clemens, MI 48043. We do not have a parent company.

Since our incorporation, we have offered franchises for the establishment of mobile power cleaning units (also called the "Sparkle Wash System" or the "System"). We do not offer franchises for any other line of business and we operate no other business activities. In the past, we have not offered franchises for any other line of business and we have not operated any other business activities.

### **Agents for Service of Process**

A list of agents for service of process is contained in Exhibit B.

### **Our Predecessors**

Sparkle International, Inc. used to be called Sparkle Wash, Inc. The name was changed on February 3, 1989. Despite this name change, we still use the trademark "Sparkle Wash." The address of Sparkle Wash, Inc. was the same as address above. Sparkle Wash, Inc. did not offer franchises for any other line of business and did not operate any other business activities.

### **Our Affiliates**

We wholly own and operate one franchise named Metro Environmental Services, Inc. dba Sparkle Wash of Cuyahoga County ("Metro"). Metro has the same address as ours. The business conducted by Metro is the type described in this disclosure document. Metro does not offer, and has not offered, franchises in any line of business. Metro does not, and has not, operated any other business activities. Metro does not provide products or services to our franchises. The financials that are provided in this disclosure document are consolidated financial statements and include the accounts of Sparkle International, Inc. and Metro. Separate financial statements for Metro are unavailable. Metro has been in operation since 1977.

## The Franchise We Offer

We offer two possible franchise arrangements. The first consists of an exclusive geographical area where the franchisee is the only person allowed to operate a Sparkle Wash franchise within that geographical area. If you purchase an exclusive franchise, you may be granted an option for one year to purchase an adjoining unoccupied territory. The second consists of a non-exclusive geographical area where there may be more than one Sparkle Wash franchise operating. These arrangements are discussed in more detail in Items 5 and 12 of this disclosure document. We also sell additional franchises to existing franchisees.

We will offer to individuals, partnerships or corporations ("you") a franchise agreement (the "Franchise Agreement") which grants you the right to establish and operate a Sparkle Wash mobile cleaning unit business (the "Franchise Business") at a geographic location approved by us (the "Approved Location"). The Franchise Agreement grants you the right to use the Proprietary Marks and the System solely with the franchised business, where ("you") refers to the owners in situations where the franchise is a business entity.

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The Franchised Business will offer services for mobile power pressure cleaning, restoration, preservation, painting and stationary washing. In the mobile power cleaning business, you will use the Sparkle Wash system of pressure sprays and cleaning solutions to clean surfaces of buildings, houses, trucks, and any other structure or equipment in which the mobile Sparkle Wash unit is applicable.

The entire cleaning process varies from job to job. Depending on the size and the extent of cleaning necessary, the cleaning process can vary in time depending on each particular job. For example, a small vehicle requires only a few minutes to clean, but a building may take up to several days.

The market for mobile cleaning and restoration is primarily houses, trucks, machinery, buildings and other objects in which a mobile cleaning system may be employed. Competition is mostly from small independent individual proprietorships. The market may be seasonal depending on your location and client needs.

## Applicable Requirements

You must comply with federal, state, and local health and environmental safety regulations concerning the proper handling and disposal of chemicals. The discharge of chemicals into surface water as a result of operating a franchise may have to comply with certain environmental regulations, such as the Clean Water Act (CWA) or the Federal Water Pollution Control Act. CWA regulations vary depending on applicable state laws and the classification of the surface water in your area. Direct discharge into surface water requires compliance.

The disposal of chemicals may require compliance with the Resource Conservation Recovery Act (RCRA), which regulates the disposal of hazardous and solid waste.

Federal, state and local governments may also have other territory specific requirements that may affect the operation of a franchise. You should investigate the application of these laws further.

## **ITEM 2 BUSINESS EXPERIENCE**

The following is the list of directors, principal officers, and other executives who have management responsibility in the operation of our business relating to the franchises described in this disclosure document. The principal occupation and business experience of each person during the past five years including the names and locations of prior employers is described below. Unless otherwise indicated, the location of the employer is Oakwood, Ohio.

### **TIMOTHY KHAYAT – PRESIDENT:**

Mr. Khayat joined Sparkle Wash in July of 2019. Prior to Sparkle Wash, he worked as the VP of business development and then the Director of Operations for a wireless telecom company. Since 2005, Mr. Khayat has been employed by Nationwide Financial as a financial advisor. Mr. Khayat is the owner of Sparkle Wash.

### **MICHAEL A. KLAVORA – VICE PRESIDENT:**

Mr. Klavora joined us in October of 1996 as Training Manager. In January of 2000 he was promoted to President and in July of 2019 he retained the position of Vice President.

### **CAITLIN WHEALY, MARKETING DIRECTOR:**

Ms. Whealy joined Sparkle Wash in 2020. As Marketing Director, she assists franchisees with all things marketing. This includes any print advertising (brochures, yard signs, banners) and digital advertising (SEO, social, email). Caitlin has a mix of experience that consists of creative design and digital media.

### **EDWARD ESTERGALL – DIRECTOR OF OPERATIONS**

Mr. Estergall joined Sparkle Wash in June of 1991. He is responsible for the manufacturing, testing and operation of the Sparkle Wash equipment.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4 BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## **ITEM 5 INITIAL FEES**

Your initial franchise fee depends on whether you are offered an EXCLUSIVE territory or a NON-EXCLUSIVE territory. The primary difference between EXCLUSIVE and NON-EXCLUSIVE territories is that in an EXCLUSIVE territory you are the only franchise permitted to provide services in that area, while in a NON-EXCLUSIVE territory you may share the right to provide services with other NON-EXCLUSIVE franchises. Initial fees are not payable in installments.



**A. EXCLUSIVE TERRITORY**

Upon execution of a EXCLUSIVE PURCHASE AND LICENSE AGREEMENT (Exhibit C), you will owe an initial franchise fee. In lieu of an impound of franchisee fees, the Franchisor will not require or accept the payment of any initial franchisee fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

The Minimum initial fee is \$20,000. The overall territory fee is calculated by starting with the minimum \$20,000 fee (which represents \$100 per 1000 people for the first 200,000 people located in the territory) and then adding \$100 per 1000 people for the next 200,000 - 300,000 people, and \$25 per 1000 people over 300,000 people. The \$20,000 minimum fee may not be financed (financing for a greater amount is discussed in Item 10 of this disclosure document) or paid in installments. The maximum we have charged for an initial fee is \$75,000. However, depending on the territory you purchase, the initial fee could be higher as based on the above formula. To help you understand how the overall territory fee is calculated, we provide the following tables:

**EXCLUSIVE TERRITORY FRANCHISE FEE FORMULA**

	Population	Cost per 1000 People	Total Cost
Minimum Fee	1-200,000	\$100	\$20,000
Population over 200,000	200,000-300,000	\$100	\$20,000 (minimum fee) + up to \$10,000 more @ 300,000 population
Population over 300,000	300,000-above	\$25	\$30,000 (minimum fee + fee for population between 200,000 & 300,000 people) plus \$25 x every 1000 people over 300,000

## EXCLUSIVE TERRITORY FRANCHISE FEE CALCULATION TABLE

Line	Instruction	Enter Calculations
1	Enter total population (rounding to nearest 1000).	
2	Subtract 300,000 from line 1.	
3	If line 2 is zero, stop here. Your franchise fee is \$30,000.	-----
4	If line 2 is less than zero, go to line 8 (skip lines 5 through 7).	-----
5	If line 2 is greater than zero, divide line 2 by 1000.	
6	Multiply line 5 by \$25.	
7	Add \$30,000 to line 6. Stop here, this is your franchise fee.	
8	Subtract 200,000 from line 1.	
9	If line 8 is less than or equal to zero, stop here. Your franchise fee is \$20,000.	-----
10	If line 8 is greater than zero, divide line 8 by 1000.	
11	Multiply line 10 by \$100.	
12	Add \$20,000 to line 11. Stop here, this is your franchise fee.	

In addition to the exclusive territory fee, you must pay a refundable equipment fee for a Sparkle Wash power cleaning unit called a "mobile unit". Our current model is the Eagle (2 chemical changeovers/2 heaters). The Eagle model and accessories costs \$39,950.00.

The cleaning unit must be mounted in either a van or a trailer. The van or trailer does not have to be purchased from us, but must meet our specifications. The trailer-mounted option is available only upon a showing that you have a suitable means of towing the trailer. Vans cost approximately \$37,000.00 and trailers cost approximately \$7,000.00. Therefore, the approximate total equipment purchase is \$76,950.00 for the van-mounted option and \$46,950.00 for the trailer mounted option (the cost of the van or trailer may vary depending upon the cost at the time of delivery). You may choose to finance or lease the vehicle and cleaning unit. The terms of your financing arrangement will be governed by your agreement with whom you choose to arrange financing. Financing is further discussed in Item 10. A typical initial fee is a down payment need to qualify for financing that is about \$15,000 to \$20,000.

If you elect to take an option on an adjoining unoccupied territory, an option fee of 10% of the territory's cost, calculated by using the previous population

pricing formula, shall be paid at the time the EXCLUSIVE PURCHASE AND LICENSE AGREEMENT is executed. If you decide to purchase the additional territory by exercising the option, the remainder of the franchise fee for the additional territory is due at the time the option is exercised. The opportunity to exercise an option expires one year from the date the EXCLUSIVE PURCHASE AND LICENSE AGREEMENT is executed.

The initial franchise fee and option fee are not refundable. The agreement continues for a period of ten years. It can be renewed then using the updated Sparkle Wash Agreement in effect at that time. (see Item 17).

If an existing FRANCHISEE purchases an additional Franchise, the initial fee for the new franchise will be calculated by using the population pricing formula as described above. This fee is due at the time of purchase.

#### B. NON-EXCLUSIVE TERRITORY

We reserve the sole right to determine if you will be offered a NON-EXCLUSIVE territory. For a NON-EXCLUSIVE territory, the franchise fee is based on Population Blocks of 500,000 people in the geographic area of the NON-EXCLUSIVE territory. For example, in a NON-EXCLUSIVE territory having a population of 2,000,000 people, up to 4 franchise population blocks may be sold. The franchise sold within the NON-EXCLUSIVE territory may operate anywhere within the geographical boundaries. The territory size, both in population and geography, will vary depending on where the NON-EXCLUSIVE franchise is located. Addendum A to the NON-EXCLUSIVE PURCHASE AND LICENSE AGREEMENT contains a territory map of the NON-EXCLUSIVE territory offered to you.

Upon execution of a NON-EXCLUSIVE PURCHASE AND LICENSE AGREEMENT (Exhibit D), you will owe an initial franchise fee of \$35,000 (for the first population block of 500,000 people) and a refundable equipment fee. In lieu of an impound of franchisee fees, the Franchisor will not require or accept the payment of any initial franchisee fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Additional population blocks within the same initial area may be purchased along with the first block or anytime thereafter for \$20,000.00 per block. A mobile unit must be purchased for each population block purchased. The maximum we have charged for a NON-EXCLUSIVE fee is \$35,000. However, if you purchase additional population blocks the initial fee could be higher as described above.

For example, if you decide to enter into a NON-EXCLUSIVE arrangement in a city having a population of 2,000,000, you may buy up to 4 NON-EXCLUSIVE population blocks. The purchase of one population block allows you to operate

anywhere within the area designated as a NON-EXCLUSIVE area, but does not exclude other franchisees (up to 3 others) from operating within the same geographical area. We may sell the allotted population blocks to any prospective FRANCHISEE and they will have the same NON-EXCLUSIVE right to operate within the NON-EXCLUSIVE area as you do.

In addition to the exclusive territory fee, you must pay a refundable equipment fee for a Sparkle Wash power cleaning unit called a "mobile unit". Our current model is the Eagle (2 chemical changeovers/2 heaters). The Eagle model costs \$39,950.00.

The cleaning unit must be mounted in either a van or a trailer. The van or trailer does not have to be purchased from us, but must meet our specifications. The trailer-mounted option is available only upon a showing that you have a suitable means of towing the trailer. Vans cost approximately \$37,000.00 and trailers cost approximately \$7,000.00. Therefore, the approximate total equipment purchase is \$76,950.00 for the van-mounted option and \$46,950.00 for the trailer mounted option (the cost of the van or trailer may vary depending upon the cost at the time of delivery). You may choose to finance or lease the vehicle and cleaning unit. The terms of your financing arrangement will be governed by your agreement with whom you choose to arrange financing. Financing is further discussed in Item 10. A typical initial fee is a down payment need to qualify for financing that is about \$15,000 to \$20,000.

The initial franchise fee and fee(s) for additional population block(s) are non-refundable. The agreement continues for a period of ten years. It can be renewed then using the updated Sparkle Wash Agreement in effect at that time. (see Item 17).

**ITEM 6 OTHER FEES<sup>1</sup>**

TYPE OF FEE	AMOUNT	DATE DUE	REMARKS
Royalty <sup>2</sup>	Greater of 6% of Net Monthly Sales <sup>3</sup> or Minimum Royalty <sup>4</sup>	10 days after the close of each calendar month	Minimum Royalty table is located in footnote 4.
Royalty <sup>2</sup>	5% of Net Monthly Sales when yearly Gross Sales <sup>5</sup> are between \$500,000-\$1,000,000	10 days after the close of each calendar month	See Note 5.
Royalty <sup>2</sup>	4% of Net Monthly Sales <sup>3</sup> when yearly Gross Sales <sup>5</sup> are greater than \$1,000,000	10 days after the close of each calendar month	See Note 5.
Transfer <sup>6</sup>	\$5,000	Upon Demand	Includes sale of business or transfer of license. Fee paid by seller.
Interest on late royalty payments	2% of unpaid balance <sup>7</sup>	Upon Demand	Payable on overdue amounts.
Sale of business or a part of the business <sup>8</sup>	10% of sale price if we are the sales agent	Payable at Sale	See Note 8.
Termination	Cost of Terminating	You must give us 180 days prior written notice before terminating the agreement.	Includes, without limitation, expenses and attorney's fees incurred in enforcing the terms of termination and obtaining any injunction or damages.
Renewal	Cost of Renewal - \$100	Payable upon 10-year term expiration	Automatically renewed upon expiration of 10-year term if 180-day notice is not provided
Advertising <sup>9</sup>	\$5,600 per year	\$50 per month same time as Royalty Fee; \$600 annual; Up to \$3,600 for 1 <sup>st</sup> 12 months of Franchise operation	\$50 per month fee for National Marketing and Advertising Fund Fee; \$1,000 annual fee for Technology Support and Development Fee; Up to \$4,200 for Google Adwords for 12 months

Supply Costs <sup>10</sup>	Varies depending on use	At point of sale	See Note 10.
Extra Trade Manuals <sup>11</sup>	\$0	Not applicable; no cost due	See Note 11.
Additional days of Training	\$500 per day	When you request training	Applies to additional days of training for up to 2 people. For other training fees see Item 11.

<sup>1</sup> All fees are uniformly imposed and payable to us, and are non-refundable.

<sup>2</sup> Royalty payments must be accompanied by a monthly report on forms designated by us setting forth a complete accounting of your sales and other information as may be required by us. Monthly royalties are not collected on behalf of nor paid to any third party.

<sup>3</sup> Net monthly Sales Revenues are defined as your total billings by you to your customers for work performed in each calendar month by or at the direction of you not including any state or local sales taxes which are applicable to your services and less all purchases made by you of chemicals, parts, accessories and printed materials from us for which payment has been received within 30 days of the invoice date and paid within the current royalty month. Vehicles, mobile unit equipment, postage, freight, and labor costs incurred and purchases made from sources other than from us (unless confirmed by us in writing) are not deductible expenses in computing Net Sales Revenues.

<sup>4</sup> You must pay the greater of a standard royalty fee (see footnote 5) or the following minimum royalty:

Minimum Royalties for an EXCLUSIVE Territory:

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<u>Time in Operation</u>	<u>Monthly Minimum Royalty per 1,000 People; Up to 300,000 People</u>
0-6 months	\$0.00 / month
7-12 months	\$0.50 / month
2 <sup>nd</sup> year	\$1.50 / month
3 <sup>rd</sup> year	\$2.50 / month
4 <sup>th</sup> year and thereafter	\$3.00 / month

When the territory has more than 300,000 people, add \$50.00 per month per 100,000 persons in excess of 300,000 people. After the fifth year, the monthly rate of \$3.00/month per 1000 people will be adjusted every five years to reflect the average five year change in the Consumer Price Index (CPI).

Minimum Royalties for a NON-EXCLUSIVE Territory

<u>Time in Operation</u>	<u>Monthly Minimum Royalty</u>
0-6 months	\$ 0 / month
7-12 months	\$200 / month
2 <sup>nd</sup> year	\$400 / month
3 <sup>rd</sup> year	\$600 / month
4 <sup>th</sup> year	\$800 / month
5 <sup>th</sup> year and thereafter	\$1,000 / month

After the fifth year, the minimum monthly royalty rate of \$1,000/month will be adjusted every five years to reflect the average five-year change in the Consumer Price Index (CPI).

We shall have the right to require in the Accounting Manual or otherwise in writing that you make such royalty payments to us or to a bank account we specify by electronic fund transfer, pre-authorized auto-draft arrangement, or such other means that we may specify in writing.

<sup>5</sup> The standard royalty rate is 6% of your net monthly sales revenues. However, your gross sales in each calendar year may entitle you to reduced royalty rates for a portion of the year. When cumulative gross sales reach \$500,000 in a calendar year, royalty fee is reduced to 5% for the balance of the calendar year. When cumulative gross sales reach \$1,000,000 in any calendar year, royalty is reduced to 4% for the balance of that calendar year. Each calendar year begins with \$0 sales and royalty fee is 6%. Gross sales are defined as income from every service and every sale of chemicals and products in conjunction with your franchise, except for sales tax.

<sup>6</sup> You may sell, or otherwise transfer, the franchised rights and your mobile cleaning equipment units only with prior written consent from us. We will not unreasonably withhold our consent and will provide approval or disapproval for the transfer within ten (10) days of your request. Approval of a proposed transferee may be conditioned upon satisfactory evidence that such transferee has a satisfactory credit rating, is of good moral character, and has the business qualifications necessary to operate a franchised business. The transferee must execute the then current Purchase and License Agreement; however, no initial fee will be charged. If a sale or other transfer of your license to a third party is consummated, we will receive a transfer fee of \$3,000.00 as partial reimbursement for our expense. The transferee must attend at least five days of training at \$500.00 per day (two people, not including personal and/or travel expenses).

<sup>7</sup> Pursuant to the terms of the Purchase and License Agreement, commencing on the first (1<sup>st</sup>) day of the month following the month in which a monthly royalty is due, interest will accrue on any unpaid balance at the rate of two percent (2%) (or such rate as may be permitted under applicable law) for each month or part thereof. In addition, you may be required to reimburse us for all costs and expenses, including reasonable attorney fees, incurred in collection and determination of amounts due.

<sup>8</sup> If you decide to sell the business or any part thereof, we have the right to act as the exclusive sales agent for a period of six (6) months. Our fee for selling the business is ten percent (10%) of the selling price, and is payable to us by the selling Franchisee.

<sup>9</sup> You must maintain a business telephone listing print and online marketing. Depending on local rates, this costs approximately \$50.00 per month.

You must pay us on a monthly basis a national marketing and advertising fund fee up to and including one percent (1%) per month of your monthly Net Sales Revenue, which is due and payable at the same time and with your royalty payment. The national marketing and advertising fund fee at the time of execution of this Agreement is fifty (\$50.00) Dollars per month.

You must utilize the Sparkle Wash web template throughout the duration of the license agreement. The current annual cost is \$1000. You must maintain a Google Adwords campaign with a \$350 per month budget during the first 12 months.

<sup>10</sup> In addition to making royalty payments, you must pay at current rates for products purchased from us that are used in the Sparkle Wash System. Some products are: mobile cleaning units, chemicals, and other miscellaneous supplies. No payments made for products purchased from us will be refundable unless products are returned in the same condition as delivered to you.



There is a restocking charge of twenty percent (20%) if goods are returned. Prior approval must be received from us before goods can be returned. Such payments are not collected on behalf of nor paid to any third party.

<sup>11</sup> Manuals relating to our equipment, chemicals, business system, trade secrets, parts, operations, cleaning methods, business methods and other matters are loaned to you for the term of the agreement. However, a charge shall be made for replacement of manuals or additional manuals after the first set (all manuals remain our property).

ITEM 7 ESTIMATED INITIAL INVESTMENT

3. EXCLUSIVE FRANCHISE – Your Estimated Initial Investment

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee <sup>1</sup>	\$20,000 to \$75,000	Cash	\$20,000 at signing of agreement. Balance at initial training.	Sparkle Wash
Real Estate <sup>2</sup>	\$0	Cash/Credit	As Incurred	Property Owner
Travel and Living Expenses while Training <sup>3</sup>	\$500 to \$1,000	Cash/Credit	As Incurred	Miscellaneous Personal Expenses
Vehicle and Equipment <sup>4</sup>	\$15,000 to \$20,000	Cash for down payment  Finance Balance	Monthly Payments	Independent Financing Company
Miscellaneous Opening Costs <sup>5</sup>	\$0	Cash/Credit	As Incurred	Utilities, Gov't Fees, etc.
Startup Supply Package and Training <sup>6</sup>	\$0	Included in Franchise Fee	Not Applicable	Not Applicable
Opening Advertising <sup>7</sup>	\$5, 700 to \$9,000	Cash/Credit	As Due	Outside Vendors / Sparkle Wash
Insurance <sup>8</sup> (during 1 <sup>st</sup> 3 months)	\$1,500 (estimate, varies based on area)	Cash/Credit	As Due	Insurance Company
Additional Funds <sup>9</sup> (during 1 <sup>st</sup> 3 months)	\$10,000 to \$15,000	Cash/Credit	As Incurred	Note 9
TOTALS: (Based upon financing of equipment) (Based upon financing of equipment)				Minimum: \$86,450 Maximum: \$114,450

<sup>1</sup> The initial exclusive franchise fee and certain expenses are discussed more thoroughly in Item 5 (above). The franchise fee is non-refundable. You must pay a minimum franchise fee of \$20,000. When the population of the franchise area is above 200,000 people, the franchise fee will be higher as described in Item 5. Financing of amounts greater than \$30,000 is discussed in Item 10.

<sup>2</sup> We do not have any requirements for facilities used by you in conducting the franchised business (except see Item 11-E, site selection procedures). Therefore, we do not estimate the cost of any facilities that may be used by you to conduct the franchised business. Many of our franchisees initially operate the franchised business from their home.

<sup>3</sup> Training in the use of Sparkle Wash equipment and operations, sales and marketing procedures is provided at our facilities in Oakwood, Ohio (suburb of Cleveland, Ohio) or other suitable location at no cost to you (for your first two representatives). Such training programs last a minimum of four days, but typically run for 5 days. If such training is conducted at our Oakwood facility, we will pay for room and lodging, and provide local transportation for a maximum of two (2) of your designated representatives while training them. ~~Transportation and other~~ personal expenses incurred by you and/or by your representative in attending the training sessions are your responsibility and are non-refundable. Such expenses have averaged about \$500 per person in the past, but are subject to such factors as the type of transportation utilized and distance traveled.

<sup>4</sup> In addition to paying the initial franchise fee, you must make certain expenditures for equipment prior to commencement of the franchised business (see Item 5). The approximate, non-refundable, total equipment purchase is \$76,950 for the van-mounted option and \$46,950.00 for the trailer mounted option (the cost of the van or trailer may vary depending upon the cost at the time of delivery). A franchisee may not finance units from us, but may elect to finance from an outside financing company. The \$15,000 to \$20,000 figure in the foregoing table represents a typical down payment needed to qualify for financing. You are responsible for the balance owed on the equipment for which financing is available.

<sup>5</sup> There are no security deposits or incorporation fees that you must make in order to commence operations. However, you must check with the local government if there are any business license fees or requirements.

<sup>6</sup> Training on equipment, policies, procedures and software. Various specialized equipment parts and detergents are necessary for the operation of your franchise, this includes cleaning supplies, spray nozzles, chemical transfer and application parts and van ladder racks. Also included are branded short/long sleeve t-shirts, baseball hats and winter knit caps, a jacket and work pants. You will receive custom marketing pieces such as brochures, tri-folds, postcards and business cards. Also included are custom branded office supplies such as envelopes,

letterhead, operation manuals and accounting software.

Chemicals needed for operation with the SPARKLE WASH SYSTEM must be purchased from us at our current standardized prices. However, you may purchase parts and accessories from other suppliers as long as they conform to our standards and you have obtained our advanced approval.

<sup>7</sup> You must spend a minimum of \$5,700 on advertising and promotion in connection with the opening of the franchise. The advertising expense is non-refundable. You may determine that more advertising is needed based on territory and competition. This minimum amount will have to be incurred during the initial ninety (90) days of franchise operations. You will be able to utilize marketing and medium materials which we have previously developed. You must maintain a business telephone listing print and online marketing. Depending on local rates, this costs approximately \$50.00 per month.

You must utilize the Sparkle Wash web template throughout the duration of the license agreement. The current annual cost is \$1000. You must maintain a Google Adwords campaign with a \$350 per month budget during the first 12 months.

To promote your business, we recommend that you research, select and follow-up with other types of local networking, advertising, mailings, referrals, and sales call contacts to develop awareness and provide assistance in your start-up and business development.

You must pay us on a monthly basis a national marketing and advertising fund fee up to and including one percent (1%) per month of your monthly Net Sales Revenue, which is due and payable at the same time and with your royalty payment. The national marketing and advertising fund fee at the time of execution of this Agreement is fifty (\$50.00) Dollars per month.

<sup>8</sup> You must, pursuant to the terms of the Purchase and License Agreement, purchase business liability and vehicular insurance in the amounts and of the types of coverage set forth in Paragraph IV (B) 11 of the Purchase and License Agreement. The insurance fee is non-refundable. We must be named as an additional insured under such policies. You pay the entire cost of such insurance and must furnish us with copies of all the policies. Insurance requirements include comprehensive general liability insurance, including products and completed operations, the limits of which shall not be less than One Million Dollars (\$1,000,000) single limit for bodily injury, personal injury, and property damage combined, or an amount that we specify if circumstances deem it necessary. Also, each mobile unit shall be insured for collision and comprehensive hazards in an amount no less than the actual cash value of the mobile unit. (\$1,500 per quarter is based upon an estimated total of \$6,000 per year.)

<sup>9</sup> It can be expected that during the first three months of operations you will require

additional funds of about \$10000-\$15,000 to cover expenses, which are non-refundable. This amount is based on experience with our company owned franchise and from informal surveying of our new franchisees. This is only an estimate, however, and there is no assurance that more funds will not be necessary during the first three months or after.

**B. NON-EXCLUSIVE FRANCHISE – Your Estimated Initial Investment**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee <sup>1</sup>	\$35,000	Cash	\$15,000 at signing of agreement. Balance at initial training.	Sparkle Wash
Real Estate <sup>2</sup>	\$0	Cash/Credit	As incurred	Property Owner
Travel and Living Expenses while Training <sup>3</sup>	\$500 to \$1,000	Cash/Credit	As Incurred	Miscellaneous Personal Expenses
Equipment <sup>4</sup>	\$15,000 to \$20,000	Cash for down payment  Finance Balance	Monthly Payments	Sparkle International or Independent Financing Company
Miscellaneous Opening Costs <sup>5</sup>	\$0	Cash/Credit	As Incurred	Utilities, Gov't Fees, etc.
Startup Supply Package and Training <sup>6</sup>	\$0	Included in Franchise Fee	Not Applicable	Not Applicable
Opening Advertising <sup>7</sup>	\$5,700 to \$9,000	Cash/Credit	As Due	Outside Vendors / Sparkle Wash
Insurance <sup>8</sup> (During 1 <sup>st</sup> 3 months)	\$1,500 (estimate, varies based on area)	Cash/Credit	As Due	Insurance Company
Additional Funds <sup>9</sup> (during 1 <sup>st</sup> 3 months)	\$10,000 to \$15,000	Cash/Credit	As Incurred	Note 9
TOTALS: (Based upon financing of equipment) (Based upon financing of equipment)				Minimum: \$101,450 Maximum: \$129,450

<sup>1</sup> The initial franchise fee and certain expenses are discussed more thoroughly in Item 5. The franchise fee is non-refundable. For a non-exclusive territory, the franchise fee is \$35,000. There is no financing of the NON-EXCLUSIVE territory fee offered directly or indirectly by us, our agents or affiliated company, nor do we guarantee your notes, leases or other obligations.

<sup>2</sup> We do not have any requirements for facilities used by you in conducting the franchised business (except see Item 11-E, site selection procedures). Therefore, we do not estimate the cost of any facilities that may be used by you to conduct the franchised business. Many of our franchisees initially operate the franchised business from their home.

<sup>3</sup> Training in the use of Sparkle Wash equipment and operations, sales and marketing procedures is provided at our facilities in Oakwood, Ohio (suburb of Cleveland, Ohio) or other suitable location at no cost to you (for your first two representatives). Such training programs last a minimum of four days, but typically run for 5 days. If such training is conducted at our Oakwood facility, we will pay for room and lodging, and provide local transportation for a maximum of two (2) of your designated representatives while training them. Transportation and other personal expenses incurred by you and/or by your representative in attending the training sessions are your responsibility and are non-refundable. Such expenses have averaged about \$500 per person in the past, but are subject to such factors as the type of transportation utilized and distance traveled.

<sup>4</sup> In addition to paying the initial franchise fee, you must make certain expenditures for equipment prior to commencement of the franchised business (see Item 5). The approximate, non-refundable, total equipment purchase is \$76,950.00 for the van-mounted option and \$46,950.00 for the trailer mounted option (the cost of the van or trailer may vary depending upon the cost at the time of delivery). A franchise may not finance units from us, but may elect to finance from an outside financing company. The \$15,000 to \$20,000 figure in the foregoing table represents a typical down payment needed to qualify for financing. You are responsible for the balance owed on the equipment for which financing is available.

<sup>5</sup> There are no security deposits or incorporation fees which you must make in order to commence operations. However, you must check with the local government if there are any business license fees or requirements.

<sup>6</sup> Training on equipment, policies, procedures and software. Various specialized equipment parts and detergents are necessary for the operation of your franchise, this includes cleaning supplies, spray nozzles, chemical transfer and application parts and van ladder racks. Also included are branded short/long sleeve t-shirts, baseball hats and winter knit caps, a jacket and work pants. You will receive custom marketing pieces such as brochures, tri-folds, postcards and business

cards. Also included are custom branded office supplies such as envelopes, letterhead, operation manuals and accounting software.

Chemicals needed for operation with the SPARKLE WASH SYSTEM must be purchased from us at our current standardized prices. However, you may purchase parts and accessories from us or other suppliers as long as they conform with our standards and you have obtained our advanced approval.

<sup>7</sup> You must spend a minimum of \$5,700 on advertising and promotion in connection with the opening of the franchise. The advertising expense is non-refundable. You may determine that more advertising is needed based on territory and competition. This minimum amount will have to be incurred during the initial ninety (90) days of franchise operations. You will be able to utilize marketing and medium materials which we have previously developed.

You must maintain a business telephone listing in print and online marketing. Depending on local rates, this costs approximately \$50.00 per month.

You must utilize the Sparkle Wash web template throughout the duration of the license agreement. ~~The current annual cost is \$1000. You must maintain a Google Adwords campaign with a \$350 per month budget during the first 12 months.~~

To promote your business, we recommend that you research, select and follow-up with other types of local networking, advertising, mailings, referrals, and sales call contacts to develop awareness and provide assistance in your start-up and business development.

You must pay us on a monthly basis a national marketing and advertising fund fee up to and including one percent (1%) per month of your monthly Net Sales Revenue, which is due and payable at the same time and with your royalty payment. The national marketing and advertising fund fee at the time of execution of this Agreement is fifty (\$50.00) Dollars per month.

<sup>8</sup> You are required, pursuant to the terms of the Purchase and License Agreement, to purchase business liability and vehicular insurance in the amounts and of the types of coverage set forth in Paragraph IV (B) 11 of the Purchase and License Agreement. The insurance fee is non-refundable. We must be named as an additional insured under such policies. You pay the entire cost of such insurance and must furnish us with copies of all the policies. Insurance requirements include comprehensive general liability insurance, including products and completed operations, the limits of which shall not be less than One Million Dollars (\$1,000,000) single limit for bodily injury, personal injury, and property damage combined, or an amount that we specify if circumstances deem it necessary. Also, each mobile unit shall be insured for collision and comprehensive hazards in an amount no less than the actual cash value of the mobile unit. (\$1,500 per quarter



is based upon an estimated total of \$6,000 per year.)

<sup>9</sup> It can be expected that during the first three months of operations you will require additional funds of about \$10,000-\$15,000 to cover expenses, which are non-refundable. This amount is based on experience with our company owned franchise and from informal surveying of our new franchisees. This is only an estimate, however, and there is no assurance that more funds will not be necessary during the first three months or after.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **Required purchases and required and approved suppliers**

You are obligated to purchase chemicals and mobile cleaning units from us. Specifications for the mobile cleaning unit are located in Schedule B of the PURCHASE AND LICENSE AGREEMENT. We will notify you in writing of any changes to the specifications for the mobile cleaning unit. You are not obligated under the terms of the PURCHASE AND LICENSE AGREEMENT to lease or finance the mobile cleaning unit(s) from a designated company. Presently, there are no known alternate sources for the internal cleaning mechanisms. As an accommodation to you, we make available to you the names of financing companies that have, in the past, financed mobile cleaning units to other franchisees. There is no relationship, either direct or indirect, between these finance companies and us and we do not derive any income (besides normal profit on the sale of each mobile unit) as a result of financing of our mobile cleaning units.

You have the right to purchase parts and accessories (includes equipment used in conjunction with the mobile unit and replacement parts) from us or from suppliers other than us, upon condition that the supplier's parts and accessories conform to our standards. To conform to our standards, the parts or supplies must be substantially the same and similarly priced. You must provide us with all parts and supplies being considered from an alternative supplier for evaluation and approval by us before use. We will provide approval or non-approval of the parts and supplies from an alternative supplier to you in writing. We will further notify you in writing of any changes to our standards.

Suppliers whose products have been found to conform to our standards are Sherwin-Williams, Prosoco and Winsol Laboratories. There are no approved suppliers in which any of our officers owns an interest. We do not obligate you to purchase from a particular supplier except that the mobile unit and chemicals must be purchased from us. Since we do not require purchase from particular suppliers, we do not receive any rebates, discounts, or favorable pricing from any suppliers. In addition, we do not negotiate purchase arrangements with suppliers. You do not receive any benefits from us for the use of or the purchase of supplies from other suppliers.

### **Revenue from franchisee purchases**

In the year ending December 31, 2022, we had revenues from the sale of parts, chemicals and cleaning units of \$321,076, or 45.3% of our total revenues of \$708,276.

The amount of products that you will purchase from us or other sources will vary based on the volume of your business. It is estimated that the required purchases are 27% to 60% of the cost to establish a franchise (note that this greatly depends on how you finance the mobile unit) and approximately 8% to 16% of total operating expenses for parts and chemicals thereafter.

Specifications and standards are formulated on our commercial experience and current technology in the power cleaning industry. Future modifications, if any, will be based on advances in this area.

#### Cooperatives

We do not have any purchasing or distribution cooperatives.

#### Negotiated prices

We do not negotiate purchase agreements with suppliers, including price terms, for the benefit of the franchisees.

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## **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 the agreements and in other items of this disclosure document.**

<b><u>OBLIGATION</u></b>	<b><u>SECTION IN PURCHASE AND LICENSE AGREEMENT</u></b>	<b><u>DISCLOSURE DOCUMENT ITEM</u></b>
a) Site selection and acquisition / lease	Section I	Item 12
b) Pre-opening purchases / leases	Section II	Items 5, 7, 8
c) Site development and other pre-opening requirements	Section IV	Items 8, 11
d) Initial and ongoing training	Section III	Item 11
e) Opening	Section II	Item 11
f) Fees	Section II	Items 5, 6
g) Compliance with standards	Section IV	Items 11, 14
h) Trademarks and proprietary information	Section IV	Items 13, 14
i) Restrictions on products / services offered	Section IV	Item 16

	<b><u>OBLIGATION</u></b>	<b><u>SECTION IN PURCHASE AND LICENSE AGREEMENT</u></b>	<b><u>DISCLOSURE DOCUMENT ITEM</u></b>
j)	Warranty and customer service requirements	Section III	Not applicable
k)	Territorial development and sales quotas	Section IV(B)(8)	Item 12
l)	Ongoing product / service purchases	Section IV	Item 8
m)	Maintenance and appearance requirements	Section IV	Not applicable
n)	Insurance	Section IV	Item 7
o)	Advertising	Section IV	Items 6, 11
p)	Indemnification	Section VI	Not applicable
q)	Owner's participation / management / staffing	Not applicable	Item 15
r)	Records / reports	Section II	Item 6
s)	Inspections / audits	Section IV	Items 6, 11
t)	Transfer	Section V	Items 6, 17
u)	Renewal	Section I	Item 5
v)	Post-termination obligations	Section V	Items 6, 17
w)	Non-competition covenants	Section IV	Item 17
x)	Dispute resolution	Section VI	Item 17

## **ITEM 10 FINANCING**

Except as described below, we will not offer, directly or indirectly, any arrangements for financing your initial investment or the operation of your business, nor do we guarantee your notes, leases or other obligations. We are unable to estimate whether you will be able to obtain financing for all or part of your investment and, if you are able to obtain financing, we cannot predict the terms of such financing. We do not receive payment from any person or persons for obtaining or placing financing.

As an accommodation to you, however, we can provide you with the names of financing companies who have told us they are interested in providing financing for the mobile units, vehicles or the equipment therein, based upon your needs and personal credit. We make no claims regarding these or other companies who may offer similar financing to you. You must determine for yourself the suitability of the companies and their specific offerings. These financing companies currently include Ford Motor Credit (FMC). We have no other relationship, either direct or indirect, with any other finance companies. We will supply the names of any additional financing companies who may at some time indicate to us that they may be willing to provide financing of this type.

We do not sell, assign or discount to a third party all or part of the financing arrangement. Any debt financed by us can be prepaid with no pre-payment penalty.

### **EXCLUSIVE TERRITORY FEE**

In order to assist you with the purchase of the franchise, financing of the franchise fee may be available from us. After you pay the first \$30,000, we may, at our sole discretion, finance fifty percent (50%) of any additional franchise fees beyond the first \$30,000 to be paid. Financing is not offered for any other purpose, in connection with either the establishment or the operation of the franchise.

### **Interest rate and term**

The interest rate is three percent (3%) over prime lending rate of the leading New York banks per annum set at the time of sale on the outstanding principal balance of the note over a forty-two month (three and one-half year) period with no payments of principal or interest due for the first six (6) months after the promissory note is executed and delivered to us.

### **Default**

If non-payment of any installment, the entire balance with interest and collection costs (including court costs and attorney's fees) shall be due and payable at the option of the holder without notice or demand. If upon exercise of this option, if the balance is not paid within 60 days of the call date, the franchise will be terminated. The note form

contains confession of judgment and waiver of notice provisions that allow us to obtain a court judgment without your prior knowledge if you do not pay the note on time. The Note restricts some defenses by waiver of certain rights and limits your right to appeal. Otherwise, there are no provisions in the Note which bar you from exercising defenses that you may have. The promissory note is located in Exhibit C to this Disclosure Document as Exhibit A to the EXCLUSIVE PURCHASE AND LICENSE AGREEMENT.

#### Security required

The note is secured personally by the franchisee. For corporate franchisees, we require that one or more of the principals co-sign the promissory note and security agreement.

We do not discount the note to outside sources.

#### NON-EXCLUSIVE TERRITORY FEE

There is no financing of the NON-EXCLUSIVE territory fee offered directly or indirectly by us, our agents or affiliated company, nor do we guarantee your notes, leases or other obligations.

#### ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

**Except as listed below, Sparkle International is not required to provide you with any assistance.**

#### Pre-Opening Obligations

Prior to the opening of the Franchised Business to the public, we (or our designee) are required by the Franchise Agreement to supply:

1. Equipment, and supplies (Paragraph III of the PURCHASE AND LICENSE AGREEMENT);
2. Training in the use of the equipment, supplying the specially equipped van and chemicals if included (Paragraph III(A) of the PURCHASE AND LICENSE AGREEMENT);
3. Training in sales and marketing of services (Paragraph III(A) of the PURCHASE AND LICENSE AGREEMENT);
4. Training, advice, and assistance regarding commencement and operation of the franchised business (Paragraph III(A) of the PURCHASE AND LICENSE AGREEMENT);

5. Manuals relating to our equipment, chemicals, business system, trade secrets, parts, operations, cleaning methods, business methods, and other matters (Paragraph III of the PURCHASE AND LICENSE AGREEMENT).

### Continuing Obligations

During the operation of your business, we must supply:

1. Chemicals, parts, and accessories (Paragraph III(B), of the PURCHASE AND LICENSE AGREEMENT);
2. Training of employees in the use of equipment related to the franchised business (Paragraphs III A, B, C, of the PURCHASE AND LICENSE AGREEMENT);
3. Training in advertising and promoting the franchised business ( Paragraphs III A, B, C, of the PURCHASE AND LICENSE AGREEMENT);
4. Maintain an ordering system which allows you to place orders for parts, chemicals, and accessories, 24 hours per day, 7 days per week (Paragraph III(B) of the PURCHASE AND LICENSE AGREEMENT);
5. Access to free toll-free Watts (Paragraph III(B) of the PURCHASE AND LICENSE AGREEMENT);
6. Manuals relating to our equipment, chemicals, business system, trade secrets, parts, operations, cleaning methods, business methods, and other matters (Paragraph I(E) of the PURCHASE AND LICENSE AGREEMENT);
7. Exclusive right to use patented mobile units, our specially developed operating, sales, and marketing procedures and the company's training program (Paragraph III(D) of the PURCHASE AND LICENSE AGREEMENT);
8. Option to sell company stationary/portable, cleaning equipment, and to sell company related chemicals and to establish company stationary washes under separate agreements (Paragraph III(B) of the PURCHASE AND LICENSE AGREEMENT);
9. No other exclusive right to any other products or services other than those specified in the respective PURCHASE AND LICENSE AGREEMENTS.

### Advertising Program Details

We provide advertising materials, prospecting systems and a full internet marketing package to you. We develop our advertising materials in our in-house marketing department. You may develop advertising materials for your own use, at your own cost for your local media. We have no advertising cooperatives. Further we are not obligated to fund advertising in your area.

The amount and type of Franchisee produced advertising is left to your discretion. Examples of advertising media that many of our Franchisees use are advertisements in the in local newspapers, by distributing handbills, and inserts in bulk advertising mailers (with or without coupons). A full library of examples are available for your use.



We also provide a Sparkle Wash website specific to your franchise location. It is customized to highlight the markets that you service and it allows customers to request bids.

There is not an Advertising Council composed of franchisees that advises us on advertising policies.

### Computer Hardware and Software

You must utilize a computer in the operation of your Sparkle International franchise. Our staff can assist you in selecting appropriate software.

We provide one (1) single user license of Quickbooks Pro 2019 software or a more recent version customized for our Sparkle Wash system. The minimum system requirement is Windows 7, Intel Pentium II 500 mHz processor with 256 MB of RAM. We also strongly recommend having a high-speed internet connection. You must upgrade your accounting software in accordance with COMPANY policy at least once every 2 years.

The cost for the computer system is less than \$600. We do not have independent access to the information generated or stored on your computer system.

### Technology Support and Development Fee

In consideration of the continued development, use and maintenance support that we will provide for computer software and technology, you agree to pay us \$1,000 annually, paid monthly, \$100 per month for 10 months ("Technology Support and Development Fees"). You acknowledge and understand that we retain a portion of the Technology Support and Development Fee and all payments you make for providing the software and technology to the licensee.

### National Marketing and Advertising Fund Fee

The fund is administered by us and is audited by an external accounting firm on a yearly basis. To support marketing and advertising by us, you agree to pay a fee of fifty dollars (\$50) per month. Existing Licensees may be obligated to pay a different amount based on the language in their license agreement. Payment of the fee is due with your royalty fee. We will notify you in writing if it is required that you pay an increased amount for the National Marketing and Advertising Fund fee. Payments shall be made automatically to us by direct deposits from your bank account and you agree to sign any required documents to implement the automated bank draft provision. Franchisor-owned mobile cleaning units must contribute to the fund on the same basis as the franchisees.

Financial statements of the fund are available for review by the franchisees. In the most recent fiscal year, no funds were collected. Thus, zero percent (0%) was spent on production, media placement, administrative expenses and other applicable expenditures. Funds not used in the year in which they are accrued will be used in the following year for advertising purposes. The Franchisor shall use the funds on a national level for the production, media placement, and related expenditures. The Franchisee is not required to participate in an advertising cooperative. The fund is tracked on a separate General Ledger. Franchisees will receive a periodic accounting of how the funds are used. No percentage of the funds will be used to solicit new franchisees.

Site Selection Procedures

Except for unlawful or illegal association, we have no restrictions regarding the location of a franchised business within the PURCHASE AND LICENSE AGREEMENT. You may operate the franchise business from your home or any other type of business location permitted by local law. Safe chemical storage and non-freezing storage for unit and chemicals will be needed.

Training Programs

**TRAINING PROGRAM**

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Introduction to Business/ Safety	5	0	Headquarters, Oakwood, OH
Equipment Orientation/ Washing Techniques	4	1	Headquarters, Oakwood, OH
Environmental Procedures	2	0	Headquarters, Oakwood, OH
Maintenance Part 1 Part 2	2 1	1 3	Headquarters, Oakwood, OH Headquarters, Oakwood, OH
Applications Training	0	11½	At Site
Field Training	0	24	At Franchise Location
Marketing/ Sales	6	8	Headquarters, Oakwood, OH
Bookkeeping	2	0	Headquarters, Oakwood, OH

Sparkle Wash Products	2	0	Headquarters, Oakwood, OH
Review Parts/ Chemical Shipping	½	0	Headquarters, Oakwood, OH

The typical length of time between execution of a PURCHASE AND LICENSE AGREEMENT and the commencement of your business is approximately two to three (2 to 3) months. Whether you obtain financing and the number of people training at the time you sign the PURCHASE AND LICENSE AGREEMENT are factors which will affect the period of time before your business may start. Training is conducted shortly after the signing of the PURCHASE AND LICENSE AGREEMENT at a time agreed to by the parties.

The initial training program is mandatory and will require a minimum of five (5) days consisting of both classroom instruction and field training. There will be no final test given to you after the completion of the training as all franchisees are pre-qualified prior to training. You must, however, complete the training program in a satisfactory manner. ~~The initial training program will be conducted at Sparkle headquarters in Oakwood, Ohio.~~ The initial training program will be primarily supervised by Ed Estergall, who has 30 years of experience supervising Sparkle Wash franchises. At a minimum, an instructor will have at least one year of experience with the business. The instructional materials include the manual, personal instruction, and first-hand/field demonstrations.

Upon the purchase of a first time new franchise from us, we will provide training and lodging for you and one other designated representative free of charge when you and such representative come to our Headquarters in Oakwood, Ohio for start-up training and to take delivery of the initial mobile unit(s). You will be responsible for paying travel and living expenses other than lodging and local transportation for yourself and/or your representatives who receive training at our facilities. Within eight (8) weeks after the initial training and start-up, we will send a qualified representative to your location for a minimum of three (3) days (but typically for 4 to 5 days) for the purpose of evaluating your progress and to offer advice as needed. This on location training is provided at no additional cost.

Additional days of training, if desired, are available at \$500.00 per day. Note that you are not required to attend training sessions after the initial one.

Training of additional personnel at our Headquarters at times other than the basic training period described above is available to you at all other reasonable times, and upon request, at \$500.00 per day for up to two people. Note, however, that we can only accommodate the training of 4 people at a time. You are responsible for all travel, lodging and living expenses incurred by your additional representatives in attending such training sessions.

If a franchise is transferred, the new franchisee and/or representative (up to two people) must attend a minimum of five (5) days training at COMPANY HEADQUARTERS. Such training will cost \$500.00 per day.

For any of the training discussed above, additional persons may be trained at a cost of \$50.00 per day per person (up to a maximum of 4 persons) may attend the training at our discretion. All expenses for additional persons shall be your responsibility.

Upon delivery of each additional mobile unit purchased by you, we will provide you, or your designated representative, with any requested elements or the initial training program. Such training will be provided for one (1) day at a location determined by us at no additional cost to you.

We may also send qualified representatives from time to time at our discretion to your location for the purpose of advising you as needed.

### Operating Manuals

You will be given the opportunity to view the manuals and training schedule before you sign the PURCHASE AND LICENSE AGREEMENT. Before you view the Manuals, you must execute a confidentiality agreement. A copy of the confidentiality agreement is attached as Exhibit E of this disclosure document.

## **ITEM 12 TERRITORY**

### **EXCLUSIVE TERRITORY**

An EXCLUSIVE territory consists of a geographical area where the franchisee is the only person allowed to operate a Sparkle Wash franchise within that geographical area (typically one or more counties). An EXCLUSIVE territory is a geographic area granted to you within which we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks. The minimum territory contains a population base of 100,000 people. Relocation of the territory is not available.

The right to be the only Sparkle Wash franchisee in an EXCLUSIVE territory is independent of the EXCLUSIVE territory's population, achievement of sales volume or other contingency. However, the population of an EXCLUSIVE territory is used to calculate the initial franchise fee (see Item 5) and determine the monthly minimum royalty (see Item 6). Your choice of territorial location will be limited only to the extent other established FRANCHISEES have been granted locations. The EXCLUSIVE territory granted to you will be described by inserting a description in Paragraph I (page 1) of the EXCLUSIVE PURCHASE AND LICENSE AGREEMENT. You cannot operate or perform services outside the territory without express written consent from us. You will refer at no

cost all requests for service outside of the territory to the appropriate FRANCHISEE who has the right to perform the services, or to us.

During the term of the PURCHASE AND LICENSE AGREEMENT, we will not establish or operate, nor license any other person to establish or operate, a mobile power cleaning franchise at any location within the EXCLUSIVE territory. No other FRANCHISEE will be in existence in an EXCLUSIVE territory when a franchise is sold. We cannot establish another mobile washing FRANCHISEE who is permitted the use of our trade name or trademark within an EXCLUSIVE territory as long as you are in good standing. We can cancel your franchise or make your territory smaller or NON-EXCLUSIVE if you fail to perform the EXCLUSIVE PURCHASE AND LICENSE AGREEMENT (this includes failure to pay royalties) or if you become insolvent (see Paragraph V(B)(1) of the EXCLUSIVE PURCHASE AND LICENSE AGREEMENT). We do not solicit business in an EXCLUSIVE territory and do not use or reserve the right to use the principal trademark in such an EXCLUSIVE territory. All inquiries or orders within the EXCLUSIVE territory are redirected to the FRANCHISEE that owns that territory.

You may be granted an option for one year to purchase an adjoining unoccupied territory at an option cost of 10% of the value of the adjoining territory calculated on the basis presented in Item 5. During the time of the option, you may conduct business in the option territory. At the end of the one-year, you must purchase the territory or immediately cease and desist from doing business therein and forfeit your option money. If you purchase the option territory, the 10% non-refundable option money shall be applied to the purchase price. Any business locations or customer you serviced in the option territory are forfeited without compensation from the franchisor or any other franchisee who may elect to purchase the forfeited option territory.

Other than the use of an option, you do not have a right of first refusal or similar rights to acquire additional franchises within an unoccupied or contiguous area.

We have not established, and cannot establish under the contract, a company-owned outlet for mobile, self-contained power cleaning system in an EXCLUSIVE territory as long as you are in good standing. Further, we cannot and do not solicit business within your territory. If you violate the agreement, we may terminate the agreement, alternately make the territory smaller, or NON-EXCLUSIVE, or put a COMPANY- owned operation in the territory. You may cancel with one hundred and twenty (120) days notice.

We do not do business in any other name or under another trademark, or sell other similar products or services or have any parent or affiliate that does so.

We have not established, and currently have no intention of establishing, other franchises or company-owned outlets selling or leasing similar products or services under a different name or trademark.

We expect you to devote your best efforts to the promotion, advancement, and control of the licensed business. If your involvement is not full-time, you must provide a fully trained full-time manager responsible for the promotion, advancement, and control of the licensed business.

### NON-EXCLUSIVE TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We will designate by geographic boundaries the over-all area deemed for development as a NON-EXCLUSIVE AREA. A territory map is provided in Addendum A of the NON-EXCLUSIVE PURCHASE AND LICENSE AGREEMENT.

The number of franchises in the NON-EXCLUSIVE AREA is determined by the number of POPULATION BLOCKS located within the geographic boundaries of the NON-EXCLUSIVE AREA. A single POPULATION BLOCK consists of one million (1,000,000) people. A minimum of one (1) Mobile unit is required for each population block purchased. You can purchase any number of population blocks.

The total number of population blocks (500,000 per block) cannot exceed the total population within the designated NON-EXCLUSIVE AREA.

We can establish another mobile washing FRANCHISEE which is permitted to use our trade name or trademark within a NON-EXCLUSIVE AREA based upon the following requirements: for every 500,000 population, a minimum of one mobile unit is operated. The Franchisor or affiliate has the right to use other channels of distribution, including the internet, within the NON-EXCLUSIVE AREA using the Franchisor's principal trademark. You do not have a right of first refusal or similar rights to acquire additional franchises within a NON-EXCLUSIVE area. We can cancel for non-performance or insolvency under the NON-EXCLUSIVE PURCHASE AND LICENSE AGREEMENT (Par. V (B) 1).

You have no restriction for operating or performing any services designated in the PURCHASE AND LICENSE AGREEMENT within the NON-EXCLUSIVE AREA. You can not operate or perform these services outside the designated NON-EXCLUSIVE AREA without express written consent from us. You will refer at no cost all requests for service outside the NON-EXCLUSIVE AREA to the appropriate FRANCHISEE who has the right to perform the services or to the COMPANY.

If you violate the agreement, we may terminate the Agreement or reduce territory or, alternatively put a company-owned operation in the territory. You may cancel with one hundred and eighty (180) days notice.

We do not do business currently in any other name or under another name or under another trademark, or sell other similar products or services or have any parent or affiliate that does so.

We have not established, and currently have no intention of establishing, other franchises or company-owned outlets selling or leasing similar products or services under a different name or trademark.

### **ITEM 13 TRADEMARKS**

You will be licensed by the PURCHASE AND LICENSE AGREEMENT to use our trademarks, trade name, and service marks ("Proprietary Marks"). We do not require or permit any modification of trademarks, and we do not require you to discontinue use of the trademarks. We registered the following mark on the Principle Register of the United States Patent and Trademark Office on June 17, 1969, registration number 871,508:



We also note that the words "Sparkle Wash" were separately registered on the Principle Register of the United States Patent and Trademark Office on March 10, 1970, registration number 887,667. The graphic was separately registered on the Principle Register of the United States Patent and Trademark Office on March 10, 1970, registration number 887,666. All required affidavits have been filed for the continued protection of our proprietary marks and thus all marks are renewed as needed.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation proceedings; or pending material litigation involving the principle trademarks.

There are no agreements currently in effect which limit our right to use or to license others to use the Proprietary Marks

You must notify us immediately of any use in your territory of marks confusingly similar to our Proprietary Marks, and agree to take no action of any kind with respect thereto without written authorization by us. (Exception: Other Sparkle Wash FRANCHISEES in a NON-EXCLUSIVE AREA are entitled to use our Proprietary Marks.) We are not obligated by the PURCHASE AND LICENSE AGREEMENT or otherwise to protect any or all rights which you have to use our trademark, trade name, or service

marks, or to protect you against claims of infringement or unfair competition with respect thereto. However, we believe that our trademark, trade name, and service marks are important to the franchised business, and we intend to exercise our best efforts to protect them. The franchisor has the right to control proceedings or litigation concerning our trademarks, service marks, trade names, and patents.

To our knowledge, there are no infringing uses that could materially affect your use of the Proprietary Marks.

Upon termination of the PURCHASE AND LICENSE AGREEMENT, the franchisee must immediately discontinue use of the franchisor's trademarks and any other form of advertising or identification indicative of "Sparkle Wash," or any name confusingly similar thereto, including telephone listings and signs.

#### **ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

U.S. Patent No. 4,821,958, Mobile Pressure Cleaning Unit, issued on April 18, 1989, is a mechanical patent directed to a mobile cleaning unit for providing high pressure cleaning and rinsing sprays, comprising a van-type vehicle with separate sources of water and cleaning and treating solutions. The sprays may be heated by a self-contained water heater with a fuel igniter operated by low voltage direct current. The separate solutions are selected by a pressure switch sensitive to an increase in spray line pressure caused by stopping the spray by operation of a valve at the spray applicator. The pressure switch acts to sequentially open a supply valve for each solution in turn. The patent term for the '958 patent is expired.

U.S. Patent No. 6,227,460, Self Contained Cleaning System, issued on May 8, 2001, is a mechanical patent directed to our new Eagle unit with dual heaters and cleaning units, as well as the features just mentioned. The patent term for the '460 patent is expired.

There are no presently effective determinations of the U.S. Patent and Trademark Office, or of any court, nor any pending interference, opposition or cancellation proceeding or pending material litigation involving the Company's patents.

There are no agreements currently in effect which limit our right to grant the use of our patents in any manner.

We are not obligated by the PURCHASE AND LICENSE AGREEMENT or otherwise obligated to protect any or all rights granted to you to utilize the Sparkle Wash System and its patented equipment, or to protect you against claims of infringement with respect to its patents. However, we believe that our patents are important to the franchised business and intend to exercise our best efforts to protect them. We are not



aware of any actions which infringe upon our patents which could materially affect your use.

### Confidential Operating Manual

You must operate the franchised business in accordance with the standards, methods, policies, and procedures specified in the manuals. You will be loaned copies of the manuals for the term of the PURCHASE AND LICENSE AGREEMENT when you have completed the initial training program to our satisfaction.

You must treat the manuals, and any other materials created for or approved for use in the operation of your franchised business and the information contained in them, as confidential and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, or otherwise make them available to any unauthorized person. The manuals will remain our sole property and must be returned if you cease to be a franchisee.

We may from time to time revise the contents of the manuals, and you must comply with each new or changed standard. You must ensure that the manuals are kept current at all times. If any dispute as to the contents of the manuals arises, the terms of the master copies maintained by us at our home office will be controlling.

### Confidential Information

You must not, during the term of the Franchise Agreement or after the term of the Franchise Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the franchised business which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the PURCHASE AND LICENSE AGREEMENT (including information, knowledge, or know-how concerning mobile power cleaning techniques, and equipment). You may divulge this confidential information only to your employees who must have access to it in order to operate the franchised business. They must be told it is confidential at the time you give your employees the information. Any and all information, knowledge, know-how, techniques, and other data that we designate as confidential will be deemed confidential for purposes of the PURCHASE AND LICENSE AGREEMENT.

## **ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

We do not require that you personally participate in the direct operation of the franchised business, but we do recommend it.

If your involvement is not full-time, the PURCHASE AND LICENSE AGREEMENT provides that you must provide a full-time, fully-trained manager for the promotion, advancement, and control of the franchised business. The manager must complete the Franchisor's training program. There are no other restrictions or conditions imposed by us relating to whom may be hired as such manager except that you must comply with all applicable laws (which may require that the manager obtain a license) and that you must not harm the goodwill associated with the system and Trademarks (this requirement may affect who you hire as manager). Further, such manager is not required to have any ownership in the franchise. The manager and all employees must sign a written agreement to maintain confidentiality of the manual described in Item 14 and to conform to the covenants not to compete described in Item 17. The confidentiality and non-competition agreement can be found in Exhibit C and D.

#### **ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must by the PURCHASE AND LICENSE AGREEMENT utilize the franchised rights (including trademarks, trade names, etc.) only in connection with the franchised business of mobile on-site washing, restoration and preservation in the territory. You are not otherwise restricted as to goods or services other than the franchised business you may offer for sale, nor are you limited in the customers to whom you may sell such goods and services to within the boundaries of an EXCLUSIVE or NON-EXCLUSIVE territory as described in Item 12. According to the PURCHASE AND LICENSE AGREEMENT, you shall offer the full line of services and products that we shall prescribe from time to time, including changes, additions and deletions without limitation, and no other services or products other than the franchised business under our trademark without our prior written approval during the term of the PURCHASE AND LICENSE AGREEMENT. Pursuant to the PURCHASE AND LICENSE AGREEMENT, you must conduct your business in compliance with all applicable laws, ordinances, regulations, and other requirements of all applicable governmental authorities.

## 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.

<u>PROVISION</u>	<u>SECTION IN PURCHASE &amp; LICENSE AGREEMENT</u>	<u>SUMMARY</u>
a) Length of the franchise term	Section I	The franchise carries a 10-year term.
b) Renewal or extension of the term	Section I	The License Agreement can be renewed using the updated Sparkle Wash License Agreement in effect at that time.
c) Requirements for franchisee to renew or extend	Section I	\$100 renewal fee. The term of the License Agreement is for ten (10) years. Unless either COMPANY or LICENSEE provides 180 day written notice to the other party stating that they do not want the License Agreement renewed, the License Agreement will automatically renew for an additional ten (10) year term upon the expiration of the current License Agreement using the updated Sparkle Wash License Agreement in effect at that time. You may be asked to sign a contract with materially different terms and conditions than your original contract.
d) Termination by franchisee	Section V	Terminations provisions may be subject to state law where the franchisee is operating. You must give us 180 days prior written notice before terminating the agreement.
e) Termination by franchisor without cause	None	
f) Termination by franchisor with cause	Section V(B)	We may terminate if you default in the performance of any agreement. We may also terminate if you are insolvent. However, this may not be enforceable under Federal Bankruptcy law. (11 U.S.C. Section 101 et seq.)
g) "Cause" defined—curable defaults	Section V(B)	We will not terminate if default is corrected to our reasonable satisfaction within 30 days.
h) "Cause" defined—non-curable defaults	Section V(B)	Non-curable defaults include: ceasing business for a period of 5 days; assigning or attempting to assign right under the agreement without approval; fraud or

**PROVISION**

**SECTION IN  
PURCHASE &  
LICENSE  
AGREEMENT**

**SUMMARY**

			misrepresentation in procurement of the agreement.
i) Franchisee's obligations on termination/non-renewal	Section V		Upon termination, you must make full payment of all sums due, discontinue use of our service mark, and return the manuals and other literature, telephone listings, etc.
j) Assignment of contract by franchisor	Section V(A)		There is no restriction on our right to transfer.
k) "Transfer" by franchisee—defined	Section V(A)		"Transfer" includes sale or transfer of license or equipment purchased by you.
l) Franchisor approval of transfer by franchisee	Section V(A)		We must approve the transfer.
m) Conditions for franchisor approval of transfer	Section V(A)		The transfer to a purchaser is based on finding the purchaser has satisfactory credit rating, moral character, and business qualifications. The new purchaser must execute the then current Purchase and License Agreement. A \$5,000 transfer fee is also required if the franchise is transferred to a third party. The new purchaser must attend a minimum of five (5) days of training at company headquarters at \$500.00 per day.
n) Franchisor's right of first refusal to acquire franchisee's business	Section IV(B)(12)		We have the first right and option to purchase the license and equipment used by you, if you elect to sell.
o) Franchisor's option to purchase franchisee's business	Section IV(B)(12)		Upon termination, we can purchase your business.
p) Death or disability of franchisee	Section V(A)		The franchise may automatically pass to your heirs if they are qualified to conduct the business.
q) Non-competition covenants during the term of the franchise	Section IV(B)(23)		Non-competition covenants and provisions may be subject to state law where the franchisee is operating. Covenants include prohibition against manufacture or sale of chemicals or equipment used to compete with Sparkle, and financial interest in a competing business of treating property.
r) Non-competition covenants after the	Section IV(B)(24)		Non-competition covenants and provisions may be subject to state law where the franchisee is

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franchise is terminated or expires		operating. You shall not compete in the service business of treating property for 1 year after the franchise is terminated.
s) Modification of the agreement	Section VI	Agreement may only be modified by writing signed by both parties.
t) Integration / merger clause	Section VI	The Purchase and License Agreement constitutes the entire agreement between the parties. Nothing in the agreement or in any related agreement is intended to disclaim the franchisor's representations made in the franchise disclosure document. 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.
u) Dispute resolution by arbitration or mediation	Section VI	Dispute resolutions, arbitration and mediation are <del>may be subject to state law where the franchisee is</del> operating. Controversies arising out of the Agreement may be decided by arbitration or court action.
v) Choice of forum	Section VI	Cleveland, Ohio (Subject to State Laws)
w) Choice of law	Section VI	Ohio and U.S. Law (Subject to State Laws)

**ITEM 18 PUBLIC FIGURES**

We have not made any arrangements with public figures relating to the endorsement or recommendation of the franchised business or for the use of the name of any public figures in our advertising.

## **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.

This representation is an historic financial performance representation of 2022 about Sparkle International's existing full-time operating units. The following portion does not reflect existing units operating on a part-time basis. The following portion is based on the responses to a survey of the past performance of Sparkle's United States full-time franchises. All 40 full-time franchise owners received a survey. 9 out of 30 full-time franchise owners (about 30%) responded to the survey. A total of 5 out of 9 respondents (about 56%) had expenses of less than 52%. The respondents based their figures on operations from January 1, 2022 to December 31, 2022. In the preparation of this table we have relied solely on the responses of our franchisees and have made no material assumptions. Further, franchise owners are not required to respond to this survey. The following chart indicates the average amount spent by the franchisees, as a percentage (%) of sales, on each of the categories listed. Listed by the percentage (%) figure is the median of the percentages provided by the respondents. The average amount was calculated by dividing the total sum of the estimated percentages for each category by the number of franchisees that responded with an estimated figure in that particular category.

<u>Expense Category</u>	<u>Franchised Outlets Avg. Percentage of Sales</u>
Sales	100.0 (100)
Payroll Taxes	3.85 (2.9)
Employee Benefits	1.91 (0)
Cleaning Products	3.42 (3.5)
Operating Supplies	2.95 (2.2)
Equipment Parts and Maintenance	4.32 (2.5)
Motor Vehicle Payments	1.53 (0.9)
Fuels	5.28 (5)
Insurance Expenses	4.71 (4.44)
Uniforms and Laundry	0.51 (0.5)
Telephone	1.81 (1.1)
Professional Fees	1.49 (1.4)
Rent/Lease	3.06 (4.3)
Travel, Meals & Convention	1.24 (1)

Royalties	5.62 (5)
Advertising	5.2 (3)
Other	3.35 (2.6)
Total Percent of Sales Spent on Expenses	49.86 (50.5)
Profits	50.14 (49.5)

As the chart above indicates, our average full-time franchise owner (non-company owned) spends 49.86% of their sales on expenses before paying employees if applicable. This means that 50.14% (100%-49.86%) of the sales can be retained as profits if no wages are paid to employees. As with any business venture, there could be unexpected and unforeseen expenses not represented in the above chart. However, we feel that most if not all expenses outside of labor are included in the chart above. Direct labor of the domestic franchises was not included in the survey and hence not represented in the chart above. Additionally, the 9 respondents operated an average of 2 trucks (21 trucks/9 respondents).

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

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**ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**SYSTEMWIDE OUTLET SUMMARY**

For Years 2022/2021/2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	94	94	0
	2021	94	92	-2
	2022	92	70	-22
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	94	94	0
	2021	94	92	-2
	2022	92	70	-22

**Table No. 2**

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)**

For Years 2022/2021/2020

State	Year	Number of Transfers
Alabama	2020	0
	2021	0
	2022	0
Alaska	2020	0
	2021	0
	2022	0
Arizona	2020	0
	2021	0
	2022	0
Arkansas	2020	0
	2021	0
	2022	0
California	2020	0
	2021	0
	2022	0
Colorado	2020	0
	2021	0
	2022	0
Connecticut	2020	0
	2021	0



State	Year	Number of Transfers
	2022	0
Delaware	2020	0
	2021	0
	2022	0
Florida	2020	0
	2021	0
	2022	0
Georgia	2020	0
	2021	0
	2022	0
Hawaii	2020	0
	2021	0
	2022	0
Idaho	2020	0
	2021	0
	2022	0
Illinois	2020	0
	2021	0
	2022	0
Indiana	2020	0
	2021	0
	2022	0
Iowa	2020	0
	2021	0
	2022	0
Kansas	2020	0
	2021	0
	2022	0
Louisiana	2020	0
	2021	0
	2022	0
Maine	2020	0
	2021	0
	2022	0
Maryland	2020	0
	2021	0
	2022	0
Massachusetts	2020	0
	2021	0
	2022	0
Michigan	2020	0
	2021	0
	2022	0
Minnesota	2020	0
	2021	0
	2022	0
Missouri	2020	0
	2021	0
	2022	0
Montana	2020	0
	2021	0

State	Year	Number of Transfers
	2022	0
Nebraska	2020	0
	2021	0
	2022	0
Nevada	2020	0
	2021	0
	2022	0
New Hampshire	2020	0
	2021	0
	2022	0
New Jersey	2020	0
	2021	0
	2022	0
New York	2020	0
	2021	0
	2022	0
No. Carolina	2020	0
	2021	0
	2022	0
North Dakota	2020	0
	2021	0
	2022	0
Ohio	2020	0
	2021	0
	2022	0
Oklahoma	2020	0
	2021	0
	2022	0
Oregon	2020	0
	2021	0
	2022	0
Pennsylvania	2020	0
	2021	0
	2022	0
So. Carolina	2020	0
	2021	0
	2022	0
South Dakota	2020	0
	2021	0
	2022	0
Tennessee	2020	0
	2021	0
	2022	0
Texas	2020	0
	2021	0
	2022	0
Virginia	2020	0
	2021	0
	2022	0
Washington	2020	0
	2021	0

State	Year	Number of Transfers
	2022	0
West Virginia	2020	0
	2021	1
	2022	0
Wisconsin	2020	0
	2021	0
	2022	1
International	2020	0
	2021	0
	2022	0
TOTALS	2020	0
	2021	1
	2022	1

Table No. 3

**STATUS OF FRANCHISED OUTLETS**  
For Years 2022/2021/2020

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renew	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Alabama	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Alaska	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Arizona	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
California	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Colorado	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Connecticut	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Delaware	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renew	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Florida	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Georgia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Hawaii	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Idaho	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Illinois	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Iowa	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Kansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Maine	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Maryland	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Mass.	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020	3	0	0	0	0	0	3
	2021	3	0	1	0	0	0	2
	2022	2	0	0	0	0	0	2
Minnesota	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	6	0	0	0
Missouri	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Montana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renew	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2022	0	0	0	0	0	0	0
Nebraska	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Nevada	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
N. Hampshire	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
New York	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	3	0	0	0	0
No. Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
North Dakota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
Oklahoma	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Oregon	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Rhode Island	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
Pennsylvania	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	0	0	10	0	0	0
So. Carolina	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Dakota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	2	1	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renew	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2021	2	0	1	0	0	0	2
	2022	3	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Virginia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Washington	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
West Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Wisconsin	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
International	2020	23	0	0	0	0	0	23
	2021	23	0	0	0	0	0	23
	2022	23	0	0	2	0	0	21
TOTALS	2020	94	1	1	0	0	0	94
	2021	94	2	4	0	0	0	92
	2022	92	1	5	18	0	0	70

1. Note: All numbers are as of December 31 for each year.
2. Transfer as used herein means the sale or exchange of a franchise to a different ownership entity that stays within our franchise system.

**Table No. 4**

**STATUS OF COMPANY-OWNED OUTLETS  
For Years 2022/2021/2020**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Ohio	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

**PROJECTED OPENINGS AS OF DECEMBER 31, 2022**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPEN (1)	PROJECTED FRANCHISED OUTLET IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLET IN THE NEXT FISCAL YEAR
Virginia	0	1	0
Indiana	0	1	0
South Carolina	0	1	0
Michigan	0	1	0
Texas	0	1	0
<b>TOTALS</b>	<b>0</b>	<b>5</b>	<b>0</b>

(1) As of December 31, 2022

The names, addresses, and telephone numbers of the franchisees and their outlets as of June 2023 are listed in Exhibit F. Current and former franchisees have signed confidentiality clauses with us within the last three fiscal years.

The name and last known home address and telephone number of every franchisee who has had a LICENSED territory terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year (2022) or who has not communicated with us within 10 weeks of disclosure document issuance date is listed in Exhibit G.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Sparkle Wash. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

## **ITEM 21 FINANCIAL STATEMENTS**

The financial statements listed below are contained in Exhibit H.

1. Audited comparative financial statements including balance sheets, stockholders equity and cash flow of the Sparkle International Inc. for years ending December 31, 2022, 2021, and 2020.
2. Unaudited balance sheet as of May 30, 2023. Unaudited detailed income statement for the period ending May 30, 2023.

We are not controlled by any other company.

## **ITEM 22 CONTRACTS**

The following contracts for EXCLUSIVE and NON-EXCLUSIVE territories are attached to this disclosure document in the following order.

1. ~~PURCHASE AND LICENSE AGREEMENT (Exclusive)~~, which also includes: Schedule A, the start-up package; Schedule B, the mobile unit description; Amendment A, replacing Section II(A) and the first 2 paragraphs of II(B); Exhibit A, the cognovit installment note; and Addendum A, the Territory Option Agreement.
2. PURCHASE AND LICENSE AGREEMENT (Non-Exclusive), which also includes: Schedule A, the start-up package; and Schedule B, the mobile unit description.
3. CONFIDENTIALITY AGREEMENT

## **ITEM 23 RECEIPT**

Two copies of an acknowledgement of your receipt of this disclosure document appear as Exhibit I. Please return one copy to us and retain the other for your records.

The following individuals, as referenced in Item 2 above, of Sparkle International, Inc. located at 7599 First Place, Oakwood Village, OH 44146, with a telephone number of (440) 374-0570, are the franchise seller offering the franchise: Timothy Khayat, Michael A. Klavora, Caitlin Whealy and Edward Estergall.

Rev 6/21/2023



NOTE

COGNOVIT INSTALLMENT NOTE: OAKWOOD, OH 44146

\_\_\_\_\_, 20

Per the terms of the Purchase and License Agreement and Addendum A attached thereto, between the undersigned and Sparkle International, Inc., Oakwood, Ohio, the undersigned jointly and severally promise to pay to the order of Sparkle International, Inc., Bedford Hts., Ohio, the sum of \_\_\_\_\_ (\$ ) plus interest at the annual rate of prime plus three percent (3%) for a period of \_\_\_ months. The first installment payment shall be due and payable the 10th day of \_\_\_\_\_, 20\_\_\_\_, and each of the subsequent \_\_\_ installment payments shall be due and payable on the 10th day of each succeeding month until all installment payments have been made, at which time the note is paid in full.

The \_\_\_ payments shall be in equal amounts of \$\_\_\_\_\_, including principal and interest. This note may be paid in full at any time. A late payment charge of ten dollars (\$10.00) shall be assessed to any payment which is received more than five (5) days after the payment due date.

This is an installment obligation, but in the event of non-payment of any installment hereunder when due, the entire balance of principal then remaining unpaid with accrued interest thereon shall at once become due and payable at the option of the holder hereof, without notice or demand. In that event, upon exercise of this option, if the balance is not paid within sixty (60) days of the call date, the Purchase and License Agreement between SPARKLE INTERNATIONAL, INC. and \_\_\_\_\_ dated the \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, for SPARKLE INTERNATIONAL of \_\_\_\_\_ is automatically terminated without written notice. In this event, all rights under this agreement revert to the Company and may be resold to another Licensee. In the event the rights under the subject Purchase and License Agreement are sold or transferred, the note must be paid in full.

The maker(s) and endorser(s) hereof hereby authorize any attorney-at-law to appear in any court of record of the State of Ohio or any other State in the United States at any time after this note becomes due, whether by acceleration or otherwise, and to waive the issuing and service of process and confess a judgment in favor of the legal holder hereof against the maker(s) and endorser(s), or either or any one or more of them, for the amount of principal and interest then appearing due upon this note, together with the costs of suit and to release all errors and waive all right to appeal.

The maker(s) and endorser(s) hereof hereby waive presentment, demand, notice of dishonor, protest and notice of nonpayment and protest. Each of the undersigned has executed this instrument in the capacity of maker, regardless of the location of his signature.

WARNING - BY SIGNING THIS PAPER, YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME, A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR, WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

Prime Rate:

Note Rate:

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Principal:

Interest:

TOTAL:

FOR LICENSEE: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_

Co-Sign (Entity Principles):

By: \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_

**EXHIBIT A**

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**LIST OF ADMINISTRATORS**

State	Address
<b>CALIFORNIA</b>	Department of Corporations 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013
<b>HAWAII</b>	Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HA 96813
<b>ILLINOIS</b>	Illinois Attorney General Attorney General's Office 500 South Second Street Springfield, IL 62706
<b>INDIANA</b>	Indiana Secretary of State 302 West Washington Room E-111 Indianapolis, IN 46204
<b>MARYLAND</b>	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020
<b>MICHIGAN</b>	Michigan Department of Commerce, Corporations and Securities Bureau 670 Law Building Lansing MI, 48913
<b>MINNESOTA</b>	Department of Commerce 87 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101
<b>NEW YORK</b>	New York Department of Law Bureau 120 Broadway 23 <sup>rd</sup> Floor New York, NY 10271
<b>NORTH DAKOTA</b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck ND 58505-0510 Phone: 701-328-4712
<b>RHODE ISLAND</b>	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02910

<b>State</b>	<b>Address</b>
<b>SOUTH DAKOTA</b>	Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre SD 57501
<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Financing 1300 East Main St. 9 <sup>th</sup> Floor Richmond, VA 23219
<b>WASHINGTON</b>	Director of Licensing or Washington Securities Administrator 150 Israel Rd. SW Tumwater, WA 98501
<b>WISCONSIN</b>	State of Wisconsin Department of Financial Institutions Division of Securities P.O. Box 1768 Madison, WI 53701-1768

**EXHIBIT B**

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**AGENTS FOR SERVICE OF PROCESS**

State	Address
<b>CALIFORNIA</b>	Department of Corporations 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013
<b>HAWAII</b>	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HA 96813
<b>ILLINOIS</b>	Illinois Attorney General Attorney's General Office 500 South Second Street Springfield, IL 62706
<b>INDIANA</b>	Secretary of State/Securities 201 State House Indianapolis, IN 46204
<b>MARYLAND</b>	Maryland Securities Commissioner Office of the Attorney General 200 St. Paul Place Baltimore, MD 21202-2020
<b>MICHIGAN</b>	Department of Attorney General's Office Consumer Protection Division 670 Law Building Lansing MI, 48913
<b>MINNESOTA</b>	Commissioner of Commerce 87 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101
<b>NEBRASKA</b>	Nebraska Department of Banking & Finance 1200 N. Street P.O. Box 95006 Lincoln, NE 68509-5006
<b>NEW YORK</b>	Secretary of the State of the State of New York 162 Washington Avenue Albany, NY 12231
<b>NORTH DAKOTA</b>	Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck ND 58505-0510

State	Address
<b>OREGON</b>	Director Department of Consumer & Business Services Corporate Securities Section Labor and Industries Building Salem, OR 97310
<b>RHODE ISLAND</b>	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02910
<b>SOUTH DAKOTA</b>	Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501
<b>TEXAS</b>	Secretary of State P.O. Box 12887 Austin, TX 78711
<b>VIRGINIA</b>	Clerk of the State Corporation Commission 1300 East Main St., 1 <sup>st</sup> Floor Richmond, VA 23219
<b>WASHINGTON</b>	Department of Financial Institutions 150 Israel Rd SW Tumwater, WA 98501
<b>WISCONSIN</b>	Commissioner of Securities Franchise Investment Division P.O. Box 1768 345 W. Washington Street, Fourth Floor Madison, WI 53701-1768



## EXHIBIT C

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**You have been offered a Non-Exclusive Sparkle Wash franchise. Therefore, an Exclusive PURCHASE AND LICENSE AGREEMENT has not been included with your offering circular. Please see Attachment D for your copy of the Non-Exclusive PURCHASE AND LICENSE AGREEMENT.**

EXCLUSIVE  
PURCHASE AND LICENSE AGREEMENT

THIS AGREEMENT is made by and between SPARKLE INTERNATIONAL, INC., an Ohio corporation, with its principal place of business at 7599 First Place, Oakwood, Ohio 44146, hereinafter called the "COMPANY" and \_\_\_\_\_ of \_\_\_\_\_, both for the licensed entity and personally, hereinafter called the "LICENSEE," is to evidence that:

WHEREAS, the COMPANY has expended time, effort, and money to develop and obtain knowledge in the field of developing, producing, branding and merchandising mobile units and related equipment, chemicals, and processes for the on-site washing, cleaning, restoration, treating, painting, sealing and preservation of both real property and personal property (hereinafter called "treating"); and

WHEREAS, the COMPANY has adopted service and trademarks (hereinafter called "marks"), registered same with the United States and Canadian Patent Offices (U.S. Reg. No. 871,508, U.S. Reg. No. 887,666, U.S. Reg. No. 887,667, Canadian Reg. No. 176,054), acquired goodwill that is symbolized by and associated with the marks and has been granted United States and Canadian Patents on said mobile units and has other patents pending; and

WHEREAS, the LICENSEE desires to obtain the benefits of the unique form of operation established by the Company and right to do business under the name "Sparkle Wash" and the LICENSEE desires to obtain an exclusive territory and a license for the use of this form of operation, and the COMPANY is desirous of selling its power mobile unit(s) and related equipment and issuing a license for the use of its marks, knowledge, products and services to the LICENSEE.

NOW, THEREFORE, the parties hereto do hereby agree to the following conditions governing the relationship between them:

I. GRANT, TERRITORY, TERM, RENEWAL and NOTICE

A. GRANT — The COMPANY grants to the LICENSEE the exclusive right to:

1. utilize the COMPANY's marks for the service of mobile, on-site washing, cleaning, restoration, treating and preservation of personal and real property;
2. the availability of the COMPANY's parts, promotional materials and chemicals, and periodic technical and marketing assistance; solely within the area described as follows (hereinafter referred to as the "TERRITORY"):

(SEE EXHIBIT A, TERRITORY MAP)

3. use the COMPANY's patented mobile units, the COMPANY's specially developed operating, sales, and marketing procedures, and the COMPANY's training programs;

4. an option to sell Sparkle Wash stationary/portable cleaning equipment, and to sell Sparkle Wash related chemicals and to establish Sparkle Wash stationary washes under separate agreements which are in effect when the option is exercised; and

5. no other products or services.

The COMPANY further grants to the LICENSEE the exclusive right to the use of the name: SPARKLE WASH OF \_\_\_\_\_. LICENSEE IS EXPRESSLY PROHIBITED FROM INCORPORATING UNDER THIS NAME OR ANY OTHER NAME WHICH INCLUDES THE NAME "SPARKLE WASH" OR ANY NAME SIMILAR TO "SPARKLE WASH" OR THE COMPANY'S MARKS AS THIS RIGHT IS RESERVED EXCLUSIVELY BY THE COMPANY.

B. TERRITORY — LICENSEE shall not operate or perform services covered by this Agreement outside of the TERRITORY without the express written consent of the COMPANY. LICENSEE shall refer all requests for services outside of the TERRITORY to the appropriate LICENSEE who has the right to perform the services, or to the COMPANY. Licensee may be granted an option for one year to purchase an adjoining unoccupied territory at a cost of 10% of the value of the adjoining territory calculated on the basis of \$100/1000 people for the first 300,000; \$25 per 1000 people for over 300,000 according to the agreement attached as Addendum A. During the time of the option, the Licensee may conduct business in the adjoining unoccupied territory. At the end of the one year, the Licensee must purchase the territory or immediately cease and desist from doing business therein and forfeit his option money. If the Licensee purchases the adjoining unoccupied territory, then the option money shall be applied to the purchase price. During the period of the option, if a bona fide prospect is interested in buying the territory, the Licensee shall have the right of first refusal to exercise his option within seven days. If the Licensee declines to purchase it at that time and the territory is sold, his option money shall be returned, he shall immediately stop doing business in the adjoining territory and forfeit the right to any accounts therein or reimbursement therefor. At the end of the option period if the Licensee does not purchase the territory he shall forfeit his option money and cease and desist from doing business in the territory. Any business locations or customers you serviced in the option territory are forfeited without compensation from the franchisor or any other franchisee who may elect to purchase the forfeited option territory.

C. TERM, RENEWAL AND NOTICE – The term of the License Agreement is for ten (10) years. Unless either COMPANY or LICENSEE provides 180 day written notice to the other party stating that they do not want the License Agreement renewed, the

License Agreement will automatically renew for an additional ten (10) year term upon the expiration of the current License Agreement using the updated Sparkle Wash License Agreement in effect at that time. The fee, payable by the LICENSEE, for automatic renewal of the License Agreement is \$100.

## II. COST — LICENSE FEE, EQUIPMENT PURCHASE, ROYALTIES

A. LICENSE FEE — For the non-refundable sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_) \$100 per 1000 people for the first 300,000 and \$25 per 1000 people for over 300,000 people, with a minimum fee of \$20,000, the COMPANY hereby transfers, assigns and conveys the start-up package described in Schedule A attached hereto and the exclusive rights described in Paragraph I above for a term of ten years. It can be renewed then using the Sparkle Wash Agreement in effect at that time.

B. EQUIPMENT PURCHASE — For the further sum of THIRTY-NINE THOUSAND NINE HUNDRED FIFTY DOLLARS (\$ 39,950.00) the COMPANY hereby sells and conveys to LICENSEE (or to LICENSEE's designate) an EAGLE mobile unit and related items described in Schedule B attached hereto.

As selected by the LICENSEE in Schedule B attached hereto, the COMPANY hereby sells and conveys to LICENSEE (or to LICENSEE's designate) either a van for the further sum of approximately THIRTY-SEVEN THOUSAND DOLLARS (\$ 37,000.00) or a trailer for the further sum of approximately SEVEN THOUSAND DOLLARS (\$7,000.00). The trailer mounted option is available only upon a showing that the LICENSEE has a suitable means of towing the trailer.

Upon the signing of this Agreement, the LICENSEE shall pay to the COMPANY a binding deposit of FIFTEEN THOUSAND DOLLARS (\$15,000.00), and upon the delivery of the equipment described in Schedule B, the LICENSEE shall pay to the COMPANY the remaining balance due for equipment and remaining balance due for the franchise fee.

Any mobile units or related equipment hereafter purchased by the LICENSEE shall be purchased at the prevailing price at time of delivery. LICENSEE understands that the COMPANY may be required to increase the price for its mobile units from time to time due to increased costs of parts and labor.

The estimated delivery date of the items listed on Schedule A (start-up package) and B (mobile unit(s) and related equipment) is WITHIN NINETY (90) DAYS OF DEPOSIT.

The COMPANY shall not be liable for any delay in delivering any of the products or merchandise it furnishes the LICENSEE if such delay is due to fire, strike, riot, civil

commotion, shortage of materials from its suppliers, any dispute with workmen, transportation delay, demands of the government or requirements thereof, or any other cause beyond the control of the COMPANY. The existence of any such cause of delay shall extend the time of delivery on the part of the COMPANY by the time involved therein.

C. ROYALTY FEES AND REPORTS — The LICENSEE shall pay to the COMPANY the greater of a minimum royalty or a basic royalty fee as calculated below. COMPANY shall have the right to require in the Accounting Manual or otherwise in writing that LICENSEE make royalty payments to COMPANY or to a bank account specified by COMPANY by electronic fund transfer, pre-authorized auto-draft arrangement, or such other means that COMPANY specifies in writing. The LICENSEE agrees to pay by automatic funds transfer from the LICENSEE's bank account to COMPANY's bank account. The Authorization for Electronic Transfer of Funds which LICENSEE must sign for royalty payment is attached as EXHIBIT B. If LICENSEE fails to have sufficient funds available to pay any royalty fees, interest and delinquency fees will be applied to LICENSEE's account as outlined in paragraph 3 of this section.

The LICENSEE shall maintain accurate records of all sales and expenses and shall forward to the COMPANY a monthly sales report setting forth a complete accounting of its sales and such other information as may be required by the COMPANY. Such sales reports shall be made on forms designated by the COMPANY and shall be delivered to the COMPANY within ten (10) days of the close of each calendar month. LICENSEE'S reports shall be accompanied by payment of LICENSEE's royalty fees and are payable in accordance with the following paragraphs:

1. BASIC ROYALTY FEE — The LICENSEE shall pay to the COMPANY the greater of a minimum royalty or a basic royalty fee equal to a monthly percentage (%) of LICENSEE's monthly Net Sales Revenues. Net Sales Revenues are derived from the treating of both real and personal property, whether or not done under the COMPANY's marks and any other services or products sold in connection with the COMPANY's marks. "Net Sales Revenues" are defined as Gross Sales or total billings by the LICENSEE to LICENSEE's customers for services or products rendered by or at the direction of the LICENSEE for work performed in each calendar month not including any state or local sales taxes which are applicable to LICENSEE's services and less an amount equal to all purchases made by LICENSEE of chemicals, parts, accessories and printed materials from the COMPANY for which payment has been received within 30 days of the invoice date and paid within the current royalty month. Postage, freight, labor costs, equipment packages, complete mobile units, and purchases made from sources other than the COMPANY are not deductible expenses in computing Net Sales Revenues.

The standard royalty rate is six percent (6%) of LICENSEE's Net adjusted monthly sales revenues. However, the LICENSEE's cumulative gross sales in each calendar year may entitle LICENSEE to reduced royalty rates for a portion of the year. When calendar year cumulative gross sales reach \$500,000, the monthly royalty fee is reduced to five percent (5%) for the balance of the calendar year. When cumulative calendar year gross sales reach \$1,000,000, the monthly royalty fee is reduced to four percent (4%) for the balance of that calendar year. Each calendar year begins with \$0 sales and six percent (6%) royalty rate.

LICENSEE shall also prepare and forward to the COMPANY an accurate and complete Annual Report within sixty (60) days after the end of the LICENSEE's fiscal year. This report shall include a Balance Sheet and Income Statement and Tax Return. Each financial statement shall be signed by the LICENSEE attesting that the information is true and correct. Such reports shall use generally accepted accounting procedures and use forms specified by the COMPANY.

The basic royalty fee as set forth above is payable each month beginning the first full calendar month after delivery of the initial mobile unit.

Beginning with the seventh (7th) full calendar month after delivery of initial mobile unit or other unit of equipment, the royalty fee will be the greater of the basic royalty fee or the minimum royalties specified in paragraph II(C)(2).

2. MINIMUM ROYALTY FEE — The LICENSEE shall pay to the COMPANY the greater of a minimum royalty or a basic royalty fee. The minimum royalties shall be according to the following schedule for the TERRITORY:

<u>Time</u>	<u>Monthly Minimum Royalty Per 1000 People up to 300,000 People</u>
0-6 months	\$ 0.00/month
7-12 months	\$ 0.50/month
Second year	\$ 1.50/month
Third year	\$ 2.50/month
Fourth year	\$ 3.00/month
Fifth year and thereafter	\$ 3.00/month

When the territory has more than 300,000 people, add \$50.00 per month per 100,000 persons in excess of 300,000 people. After the fifth (5th) year the minimum monthly royalty rate of \$3.00/month per 1000 people will be adjusted every five (5) years to reflect the average five (5) year change in the CPI.

Population base for the purpose of calculating minimum royalty is \_\_\_\_\_.

3. LATE PAYMENTS AND REPORTS — Commencing on the first (1st) day of the month following the month in which a monthly royalty fee is due, interest shall accrue on any unpaid amount at the rate of two percent (2%) (or at the maximum rate as may be permitted under applicable law if less than 2%) for each month or part thereof. Any payment not actually received by COMPANY on or before such date shall be deemed overdue if not postmarked at least one (1) day prior to the due date. If any fee report is overdue, the LICENSEE shall pay to COMPANY a delinquency fee of \$50.00 per delinquent fee report. Entitlement to such interest and/or the delinquency fee shall be in addition to any other remedies COMPANY may have. The LICENSEE understands that COMPANY may, at COMPANY's discretion, assign the payment of such fees and the submission of the monthly reports to a third party. In addition, LICENSEE agrees to reimburse the COMPANY for all costs and expenses, including reasonable attorneys' fees, incurred in collection and determination of amounts due hereunder. At any time that the LICENSEE is thirty (30) or more days in arrears in the payment of monthly royalty fees or invoices for materials purchased from the COMPANY and/or the filing of reports due to the COMPANY hereunder, the COMPANY, at its sole discretion, may cease providing the LICENSEE with services and products herein provided for until such time as the LICENSEE is current in the payment of fees and invoices and the filing of reports. The failure of the COMPANY to provide such services during such periods shall not be deemed a breach of this Agreement.

The COMPANY can share information in these royalty reports with other LICENSEES in the ordinary course of COMPANY business.

D. TECHNOLOGY SUPPORT AND DEVELOPMENT FEE — In consideration of the continued development, use, maintenance support and related services that COMPANY shall provide for computer software and technology, the LICENSEE shall pay to COMPANY an annual Technology Support and Development Fee. The annual Technology Support and Development Fee is \$1000.00 per year (paid monthly, \$100 per month for 10 months). The COMPANY shall have the right to increase the annual Technology Support and Development Fee as necessary to reflect increased costs associated with providing such services and any additional services that may arise. The annual payment is due on February 1<sup>st</sup> of each year. The LICENSEE acknowledges and understands that COMPANY retains a portion of the Technology Support and Development Fee and all payments LICENSEE makes to COMPANY for providing software and technology to the LICENSEE.

E. NATIONAL MARKETING AND ADVERTISING FUND FEE — The LICENSEE shall pay COMPANY on a monthly basis during the entire term of this Agreement or any renewal term, a National Marketing and Advertising Fund Fee up to and including one percent (1%) per month of LICENSEE's monthly Net Sales Revenue (defined in II(C)(1)), due and payable at the same time and with LICENSEE's Royalty Fee. The National Marketing and Advertising Fund fee at the

time of execution of this Agreement is fifty (\$50.00) Dollars per month. COMPANY will notify LICENSEE in writing if LICENSEE is required to pay an increased amount for the National Marketing and Advertising Fund fee. Payments shall be made automatically to COMPANY by direct deposits from LICENSEE bank account and LICENSEE agrees to sign any required documents to implement the automated bank draft provision.

1. USE OF FUND FEES - COMPANY shall use National Marketing and Advertising Fund Fees, in COMPANY's sole discretion, for Internet Development and Operation and on national, regional and/or local advertising and to create advertising materials and public relations which promote, in COMPANY's sole judgment, the services offered by franchisees to the public. The National Marketing and Advertising Fund Fees may also be expended for market research and development, test or target marketing, conducting surveys, creative and production cost. COMPANY shall have the sole right and sole authority to determine, without limitation, the selection of the advertising materials and programs, provided, however, that COMPANY shall make a good faith effort to expend such funds in the general best interests of the franchisees on a national or regional basis. Nevertheless, LICENSEE acknowledges and agrees that not all franchisees will benefit directly or on a pro rata basis from such expenditures. While COMPANY does not anticipate that any part of National Marketing and Advertising Fund Fees will be used for advertising which is principally a solicitation for franchisees, COMPANY reserves the right to include a notation in any advertisement indicating "Franchises Available."

2. REIMBURSEMENT FOR COSTS AND OVERHEAD - COMPANY reserves the right to reimburse COMPANY from National Marketing and Advertising Fund Fees for such reasonable costs and overhead, if any, as COMPANY may incur in activities reasonably related to the direction and implementation of the National Marketing and Advertising Fund Fee and advertising programs for franchisees, including, for example, costs of personnel for creating and implementing advertising, promotional and marketing programs, accounting, administrative, and legal and outside consultants. At the LICENSEE's request, COMPANY shall provide LICENSEE with an unaudited accounting of National Marketing and Advertising Fund Fee expenditures. LICENSEE must pay COMPANY the monthly National Marketing and Advertising Fund Fee so that COMPANY receives the fee no later than the 10th day of the month following the calendar month for which the fee is calculated. Any required National Marketing and Advertising Fund Fees not paid when due shall be a violation of this Agreement and subject this Agreement to termination.

3. SURPLUSES - It is anticipated that all contributions to the National Marketing and Advertising Fund will be expended for their intended purposes during the fiscal year in which contributions are made. National Marketing and Advertising Fund surpluses, if any, may be expended in the following fiscal year(s). Although COMPANY intends the National Marketing and Advertising Fund to be of a long-term duration, COMPANY maintains the right to terminate the National



Marketing and Advertising Fund Fee at any time. The National Marketing and Advertising Fund shall not be terminated, however, until all monies in the National Marketing and Advertising Fund have been expended for advertising and promotional purposes.

### III. COMPANY OBLIGATIONS

A. TRAINING — The COMPANY shall provide training at its National Headquarters or other suitable location which shall include: familiarization with the mobile unit, preventive maintenance, and operating procedures; familiarization with and use of COMPANY-provided manuals; field troubleshooting and repair; precautions and use of COMPANY-supplied chemicals and chemical systems; familiarization with COMPANY-developed start-up marketing organization, record keeping, advertising and selling programs; and familiarization with and instruction in utilizing COMPANY-supplied accounting and billing systems.

Initial training for LICENSEE and up to one (1) additional LICENSEE's representative shall be provided at the time specified for the delivery of LICENSEE's first mobile unit, and shall last approximately five (5) days. In the event any or all of such initial training is conducted at the COMPANY's National Headquarters, the COMPANY shall provide local transportation and shall pay the cost of lodging for LICENSEE and his representative during such initial training period. Travel expenses and other personal expenses shall be the responsibility of the LICENSEE. Additional persons at a cost of one hundred dollars (\$100.00) per day per person up to a maximum of two (2) additional persons may attend the training at the COMPANY's discretion. All other expenses for additional persons shall be the responsibility of the LICENSEE. Additional days of training may be provided at a cost of \$500.00 per day. All other expenses shall be the responsibility of the licensee.

Upon delivery of each additional mobile unit purchased by the LICENSEE, the COMPANY shall provide to LICENSEE or to one (1) designated representative of LICENSEE one (1) day of training if requested by the LICENSEE. In the event such training is conducted at the COMPANY's National Headquarters, the COMPANY shall pay the cost for the training, one (1) night lodging and provide local transportation for LICENSEE or his representative during such training; however, all other expenses shall be the responsibility of the LICENSEE.

The COMPANY shall, upon request of LICENSEE, provide training of additional personnel at the COMPANY's National Headquarters at any reasonable time. LICENSEE shall be responsible for any travel, lodging, and other expenses incurred by LICENSEE's representatives who attend such training. Cost of such training shall be \$500.00 per day for up to two (2) persons. Additional persons may be included at an additional cost of \$100.00 per day, per person. With a maximum of four (4) persons for any one training class.

Any new LICENSEE's representatives up to two people purchasing a franchise from a prior LICENSEE must attend a minimum of five (5) days of training at company headquarters. Such training will be provided at \$500.00 per day for up to two (2) people. Additional persons at cost of one hundred dollars (\$100.00) per day per person up to a maximum of

four (4) persons may attend the training at the COMPANY's discretion. All other expense shall be the responsibility of the LICENSEE.

B. ASSISTANCE — The COMPANY shall provide the following assistance in addition to the training described in III - A of this Agreement:

1. Within eight (8) weeks of the LICENSEE's initial training and start-up, the COMPANY will send a qualified representative to spend approximately three to five (3 to 5) days, but for a minimum of three (3) days, with the LICENSEE for the purpose of evaluating the LICENSEE's progress and to offer advice as may be required in all facets of the LICENSEE's operation. This on location training is provided at no additional cost.

2. The COMPANY, from time to time at its discretion, may send qualified representatives to the LICENSEE's location for the purpose of advising the LICENSEE as may be required in all facets of the LICENSEE's business.

3. The COMPANY shall hold annual conferences for LICENSEES at times and places selected by the COMPANY, for the purpose of presenting and developing subjects of general interest to all of the COMPANY's LICENSEES. LICENSEE shall be given an opportunity to participate in the preparation of an Agenda for these conferences and will be notified of the time and location of the conferences and the availability and cost of accommodations in sufficient time to schedule and prepare to attend.

4. The COMPANY shall offer advice on technical, marketing, selling, organizational and other subjects related to the operation of a Sparkle Wash business as requested by LICENSEE at all reasonable times.

5. The COMPANY shall maintain an ordering system which will allow LICENSEE to place orders for parts, chemicals and accessories, twenty-four (24) hours per day, seven (7) days per week.

6. The COMPANY shall provide the LICENSEE with free access to its toll-free WATS line in order to assist in resolving questions which may occur during the start-up period.

7. The COMPANY shall publish, and, at no additional cost, provide each LICENSEE with periodic updates of new ideas and relevant information.

8. If the LICENSEE desires to sell the business and or any part thereof, the COMPANY shall have a right of first refusal to act as the exclusive sales agent of the LICENSEE for a period of six (6) months. The COMPANY will use its best efforts to assist and advise the LICENSEE in the preparation of advertisements, listings, and negotiations. The COMPANY's fee for the sale of the business and or any part thereof, shall be ten percent (10%) of the selling price of the LICENSEE's business. It is payable in full by the LICENSEE to the COMPANY at the time of the first transfer of any funds to the LICENSEE

from such sale, assignment, or transfer, or at the transfer of ownership of the license, whichever occurs first.

9. The COMPANY shall provide the LICENSEE with the names and particulars of any potential source of business within the LICENSEE's territory which are obtained through the COMPANY's general advertising program or other COMPANY source.

C. ADVERTISING — All advertising material must be prepared by the COMPANY or approved by it prior to its use in any media. The COMPANY shall have certain advertising material available for the use of the LICENSEE and make it available to the LICENSEE. When the LICENSEE requests advertising material from the COMPANY that it does not have available, the COMPANY shall have it prepared or give the LICENSEE written permission to have it made elsewhere. Such advertising material supplied by the COMPANY shall be shipped to the LICENSEE upon payment of the LICENSEE's pro-rata cost of such material as determined by the COMPANY.

D. USE OF EQUIPMENT, CHEMICALS, TRADEMARKS, BUSINESS SYSTEM, TRADE SECRETS — Because of the importance of consistent quality, the COMPANY shall permit the LICENSEE to use its patented equipment and chemicals, marks, business system and trade secrets covered by this Agreement during the term thereof only so long as they are used in accordance with the procedures set forth in this Agreement and in the manuals and other written procedures of the COMPANY.

E. MANUALS — All manuals and other written material relating to the COMPANY's equipment, chemicals, business system, trade secrets, parts, operations, cleaning methods, business methods, and other matters are the sole property of the COMPANY and shall be loaned to the LICENSEE for the term of this Agreement. All such material shall be maintained in confidence by the LICENSEE, disclosed only to those employees who have a need to know the contents after the employee acknowledges in writing that the material is secret, and shall be returned to the COMPANY within ten (10) days from the expiration or termination of this Agreement. The LICENSEE shall not copy or disclose the written material without the written permission of the COMPANY. A charge shall be made for replacement of manuals or additional manuals after the first set. Such replacement or additional manuals are loaned and subject to the conditions of this paragraph.

The COMPANY may periodically update the written materials and forward the changes to the LICENSEE. The LICENSEE shall keep its material current. The COMPANY shall maintain a master file of written material which shall control in the case of any conflict.

F. COMPUTER SOFTWARE — COMPANY shall provide to LICENSEE one (1) single user license of QuickBooks Pro 2018 software, or a more recent version, that is customized for COMPANY's Sparkle Wash system. COMPANY shall install the QuickBooks software on LICENSEE's computer or computer system. In addition, COMPANY will install software on LICENSEE's computer or computer system that allows

COMPANY to collect financial information from LICENSEE on a daily basis. COMPANY agrees that use of any software installed on LICENSEE's computer or computer system shall not unreasonably interfere with LICENSEE's operation of its business.

G. WARRANTIES AND DISCLAIMERS — EXCEPT TO THE EXTENT SPECIFICALLY SET FORTH BELOW, THE COMPANY MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

1. THE COMPANY DISCLAIMS ANY WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE VEHICLE AND POWER GENERATING PLANT PORTIONS OF A MOBILE UNIT. THESE ITEMS CARRY SUCH WARRANTIES AS ARE PROVIDED BY THEIR MANUFACTURER FOR THE MODEL YEARS OF THE VEHICLE AND POWER GENERATING PLANT PURCHASED. LICENSEE ACKNOWLEDGES THAT ITS SOLE RECOURSE AS TO THESE ITEMS SHALL BE AGAINST THEIR MANUFACTURER.

2. THE SPARKLE WASH CLEANING EQUIPMENT CONTAINED WITHIN A MOBILE UNIT IS WARRANTED FOR A PERIOD OF NINETY (90) DAYS TO BE FREE OF FAULTY WORKMANSHIP AND MATERIALS ONLY. NO WARRANTY EXTENDS TO COVER EQUIPMENT FAILURE DUE TO LACK OF MAINTENANCE, MISUSE (INCLUDING USE OF UNAUTHORIZED CHEMICALS) OR NEGLIGENCE ON THE PART OF THE LICENSEE OR ITS EMPLOYEES OR OPERATORS. THIS WARRANTY EXTENDS ONLY TO THE REPLACEMENT OF SUCH PARTS AS ARE FOUND DEFECTIVE IN WORKMANSHIP OR MATERIALS DURING THE WARRANTY PERIOD AND DOES NOT COVER ANY COST OF LABOR FOR SUCH REPLACEMENTS.

3. IN THE EVENT THAT FOR ANY REASON THE LICENSEE'S VEHICLE CANNOT BE OPERATED OR FAILS TO PRODUCE THE LEVEL OF SALES RESULTS OR PROFITS CONTEMPLATED BY LICENSEE, THE COMPANY SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF INCOME OR BUSINESS.

H. UPDATES .— The COMPANY shall keep the LICENSEE regularly advised of all changes in procedure, advertising, and technical advancements in the field known to the COMPANY and supply to the LICENSEE all advertising materials, sales aids, and literature normally supplied to any other "Sparkle Wash" LICENSEE at request of, or on order from the LICENSEE at prices charged all other LICENSEES who are parties to Agreements of this form.

#### IV. OBLIGATIONS OF LICENSEE

A. QUALITY CONTROL, CONSISTENCY — The LICENSEE understands the value, importance, and essential nature of the COMPANY's unique equipment, chemicals, methods, marks and their associated goodwill in the success of the COMPANY's and the LICENSEE's business. The LICENSEE further understands that it is necessary to maintain the quality of the services offered under this Agreement, and that such quality can only be maintained by using only COMPANY products or COMPANY-approved products, operating the business and performing the services only in the manner recommended by the COMPANY. The LICENSEE understands that the COMPANY may from time to time change the equipment, material, methods, etc. in order to allow the COMPANY and/or the LICENSEE to compete better or offer better services.

B. In accordance with the LICENSEE's understanding, the LICENSEE agrees as follows:

1. EQUIPMENT, TRADEMARKS, SERVICE MARKS — LICENSEE shall not in any way alter, add to or modify its mobile unit(s) or related equipment or the appearance of the COMPANY's marks on the LICENSEE's mobile unit(s), stationery, literature, or advertising materials without the prior written consent of the COMPANY. LICENSEE shall display the name "Sparkle Wash" on its mobile units and other related equipment units approved by the COMPANY only in an authorized manner. LICENSEE shall state in a prominent place near its own name on its mobile unit(s), stationery, literature, and advertising materials the following statement: "Independently owned and operated; a franchise of Sparkle International, Inc." If any equipment is taken out of service or sold to someone other than another the COMPANY or other LICENSEE designated by the COMPANY, the LICENSEE must de-identify the vehicle.

2. ADVERTISING — Prior to using any advertising or promotional materials other than materials procured directly from the COMPANY, LICENSEE shall submit such materials to the COMPANY requesting approval. The COMPANY shall not unreasonably withhold its approval and shall provide its approval or rejection within ten (10) days of receipt of the proposed materials. Except in the case of a minor violation that can be immediately cured (as determined in Home Office's sole discretion), LICENSEE shall pay to COMPANY an amount of liquidated damages as deemed appropriate by COMPANY for any portion of any month LICENSEE displays any advertising that the COMPANY did not approve or is otherwise unauthorized. Imposition of such damages does not bar the COMPANY from seeking other remedies, including injunctive relief barring LICENSEE from its on-going advertising violations, assignment of LICENSEE's telephone number(s) to COMPANY, or other relief, up to and including termination of the Franchise Agreement.

LICENSEE further agrees to allow COMPANY to use LICENSEE's name or picture of LICENSEE including employees thereof at any time during this Agreement for the purpose of any publication, brochure or advertisement. THE COMPANY shall have the right to distribute and/or publish the Gross Sales of the LICENSEE without compensation or prior consent of LICENSEE.

3. COMPETITOR'S SERVICE MARKS AND TRADEMARKS — LICENSEE shall notify the COMPANY immediately of any use in LICENSEE's TERRITORY of marks confusingly similar to those employed by the COMPANY and agrees to take no action of any kind with respect thereto without written authorization of the COMPANY.

4. PROCEDURES — LICENSEE shall follow all of the procedures of the COMPANY in the Manuals and other written material in conducting its business, and in particular in performing the treating services anticipated in this Agreement.

5. MAINTENANCE OF PREMISES AND EQUIPMENT — LICENSEE shall maintain its business premises, mobile unit(s) and equipment in an orderly and clean manner consistent with the COMPANY's rules and the image of cleanliness and service the COMPANY has established. Any business premises maintained by the LICENSEE other than his home shall be approved prior to entering into any legal obligation concerning it. Application shall be in writing on forms provided by the COMPANY. The COMPANY shall respond to such application within thirty (30) days of receipt, and approval will not be unreasonably withheld.

6. UNIFORMS — LICENSEE's employees shall wear COMPANY- approved uniforms, be neat, well-groomed, and of reputation and demeanor consistent with the image of cleanliness and service the COMPANY has established.

7. NATIONAL CONTRACTS — The LICENSEE acknowledges that it is in the best interest of the COMPANY and the LICENSEES as a group if the COMPANY can negotiate national contracts. Accordingly, the LICENSEE hereby grants to the COMPANY its permission and limited power of attorney to represent it in negotiations with national accounts. Upon agreement by the COMPANY to a national account, the LICENSEE agrees to be bound by the terms and conditions of the Agreement and to service the national contract in its TERRITORY on the terms and conditions negotiated by the COMPANY. Such terms and conditions must be reasonable, and shall permit a minimum gross margin of twenty percent (20%) to the LICENSEE after an administrative charge by the COMPANY. Gross margin is defined as Net Sales less the variable costs of material, labor, and overhead directly attributed to the sale using generally accepted accounting procedures. LICENSEE agrees that COMPANY may take a commission for negotiating and signing a national contract for the LICENSEE. The commission shall be deducted before computing the Net Sales.

8. MANAGEMENT / BEST EFFORTS — LICENSEE shall devote LICENSEE's best efforts to the promotion, advancement, and control of the licensed business. In the event LICENSEE's involvement is not full time, LICENSEE agrees to provide a fully-trained, full-time manager responsible for the promotion, advancement and control of the licensed business.

9. INDEMNITY — In the event a claim, suit, action or proceeding is for any reason instituted by or against LICENSEE arising out of or in connection with

LICENSEE's business, LICENSEE agrees to immediately provide the COMPANY with copies of letters and/or processes pertaining to same and to continually keep the COMPANY informed regarding the progress and outcome of said claims, suits, actions or proceedings. LICENSEE agrees to defend at their own cost and to indemnify and hold COMPANY, its affiliates and its predecessor, sister or co-branding companies, their shareholders, directors, officers, members, employees, agents and their spouses, harmless from and against any and all loss, costs, expenses (including attorneys' fees), damages and liabilities arising out of LICENSEE's negligence, failure to maintain or repair, breach of contract or other civil wrong, resulting directly or indirectly from or pertaining to the use, condition, equipping, maintenance or operation of your wash truck/unit, including the preparation and sale of any product or service made or sold out of your mobile wash unit. Such loss, claims, costs, expenses, damages and liabilities will include, without limitation, those arising from latent or other defects in the trucks, units and equipment, whether or not discoverable by COMPANY, and those arising from the death or injury to any person or arising from damage to your or our property, our agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through our active or passive negligence or any of our agents or employees or resulted from any strict liability imposed on COMPANY or any of our employees.

LICENSEE will indemnify and hold COMPANY and its affiliates and its predecessor, sister or co-branding companies free and harmless from and against any and all reasonable attorneys' fees, liabilities, expenses, claims, demands, actions or causes of action which may be incurred by or threatened against COMPANY or its affiliates and arising out of

- (i) the LICENSEE's operation of the Franchised Business, or
- (ii) any transaction between LICENSEE and any third party.

10. PURCHASES FROM APPROVED SOURCES — LICENSEE is required to purchase all of its requirements of CHEMICALS and EQUIPMENT from the COMPANY. LICENSEE shall purchase parts and accessories including uniforms from the COMPANY, or from COMPANY-approved suppliers in order to retain the right to operate as a Sparkle Wash LICENSEE. Such suppliers' parts and/or accessories must conform with the COMPANY's standards. Prior to utilizing any products purchased from sources other than the COMPANY or its approved suppliers, the LICENSEE shall submit, on forms provided by the COMPANY, any and all information and a fee to cover the COMPANY's directly related expenses, which shall permit the COMPANY to make a sound judgment pertaining to the quality and safety of the product. Information required shall include but not be limited to the supplier's name and address, the manufacturer's name and address, the complete description of the part or accessories and the generic name for such products. The COMPANY will approve all purchases that meet or exceed the COMPANY's standards. Approval or rejection shall be given by the COMPANY within sixty (60) days of the receipt of complete information from the LICENSEE.



No representation of the COMPANY with respect to performance standards and results shall be operative unless COMPANY's or its approved equipment, chemicals, parts and accessories are used.

The equipment and chemicals supplied by the COMPANY are designed to be employed only in the manner prescribed by the COMPANY in the Equipment Operating Procedures and Chemical Use section of the Sparkle Wash Equipment Operating Procedures Manual provided to the LICENSEE.

11. INSURANCE — The LICENSEE shall maintain in force at all times during the term of this Agreement comprehensive general liability insurance, including products and completed operations, the limits of which shall not be less than One Million Dollars (\$1,000,000) single limit for bodily injury, personal injury, and property damage combined, or an amount the COMPANY may specify if it deems it necessary. Additional insurance also shall be maintained in like limits by LICENSEE covering liability arising from operation, ownership or maintenance of each mobile unit, inclusive of auto liability insurance complying with the minimum requirements required in each State where LICENSEE operates. Each mobile unit shall be insured for collision and comprehensive hazards in an amount no less than the actual cash value of such mobile unit. The equipment contained in such units shall be insured on a replacement cost basis for full current value to replace new with like kind and quality. The COMPANY and its authorized representatives, employees, agents and the like shall be named as an additional named insured with LICENSEE on all policies of insurance, and such policies shall provide that the COMPANY will be notified in writing at least thirty (30) days prior to the cancellation or other material change of such policies. The additional insured coverage must be provided on an Additional Insured Grantor of Franchise Endorsement for CG2029 or an endorsement form with comparable wording acceptable to the COMPANY. All policies of insurance maintained by the LICENSEE shall specify that coverage responds to the COMPANY on a primary and non-contributory basis. LICENSEES shall furnish to the COMPANY, immediately upon receipt, duly executed copies of all insurance policies and renewal notices and notices of changes in coverage, and shall be solely responsible for the entire cost of such insurance. If LICENSEE fails to obtain the specified insurance, the COMPANY may obtain such insurance and charge the premiums and any other related expenses to the LICENSEE, which shall be promptly paid.

12. COMPANY'S RIGHT TO REPURCHASE — The LICENSEE grants to the COMPANY, at no additional cost, the first right and option to purchase the license granted under this Agreement in the event the LICENSEE elects to sell the same, and the same rights and options relative to the equipment used in the LICENSEE's business if the LICENSEE elects to sell the same, whether due to termination, or otherwise. The purchase price shall be the same price at which the license and/or equipment is being offered for sale by the LICENSEE to any bona fide purchaser.

13. FULL LINE OF SERVICES — The LICENSEE shall offer the full line of services and products which the COMPANY shall from time to time prescribe, including

additions and deletions, and no other services or products under the marks of the COMPANY without the prior written approval of the COMPANY.

14. PAYMENT TO VENDORS — The LICENSEE shall pay all of its bills when due so that the reputation and credit rating of the LICENSEE and COMPANY are not damaged. In particular, prompt payment of any financing payments, or lease payments for the mobile units, telephone and advertising shall be made. This clause shall not apply during the term of a good faith contest of a bill or payment.

15. ACCESS AND COMPLIANCE — LICENSEE shall permit the COMPANY, its agents or employees, at any reasonable time to have access to and inspect its records, equipment, premises, chemicals, methods, and any item, service, or matter connected with its business. Samples of chemicals and other materials of a quantity or size large enough to be tested may be removed from the LICENSEE's premises without payment. The LICENSEE shall pay the cost of the testing if such sample has not been approved by the COMPANY or does not meet its specifications. LICENSEE shall ship an original copy, photograph, or sample, as may be applicable, of LICENSEE's records, equipment, premises, chemicals, and other matters relating to its business to the COMPANY at the COMPANY's request.

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The COMPANY shall give notice to the LICENSEE of any materials, equipment, services, or practices which are in violation of the COMPANY's then current practices and standards. If the LICENSEE does not conform promptly to such practices or standards, then the COMPANY may at its option, instead of termination or cancellation of exclusivity, remove, replace, repair, or remodel such item at the expense of the LICENSEE. The COMPANY shall bill the LICENSEE for such expense and the LICENSEE shall pay the bill on or before the next due royalty payment.

If an examination of the LICENSEE's records shows a discrepancy of more than two percent (2%) in understating the royalties due, then LICENSEE shall pay the cost of the examination and the penalty and interest stated in paragraph II(C)3.

In further connection with any such examination, the LICENSEE will execute IRS Form 4506, or other similar form, authorizing COMPANY to obtain the applicable tax returns of the LICENSEE, at the request of COMPANY. The LICENSEE shall, at its expense, submit to COMPANY upon request, within ninety (90) days after request, a complete financial statement for the preceding calendar year, including both a profit and loss statement and a balance sheet certified by an independent public accountant, all federal, state or other tax returns, together with such other information in such form as COMPANY may reasonably require.

16. SERVICE MARK, TRADEMARK AND PATENT VALIDITY AND INFRINGEMENT — During the term of this Agreement and thereafter, the LICENSEE shall not infringe the COMPANY's marks or patents by their unauthorized use outside the scope

of this Agreement, and the LICENSEE shall not challenge or aid in a challenge of the validity of the COMPANY's marks or patents.

17. GOODWILL OF SERVICE MARKS AND TRADEMARKS — The LICENSEE agrees that all goodwill associated with the COMPANY's marks and the LICENSEE's business conducted under such marks is the sole property of the COMPANY. Upon expiration or termination of this Agreement for any reason, no monies are payable to the LICENSEE for the goodwill associated with the LICENSEE's business or activities.

18. TELEPHONE AND ADVERTISING — LICENSEE shall maintain a business telephone listing under the name of Sparkle Wash, or as the COMPANY may otherwise direct or agree to in writing. LICENSEE shall use this telephone number in print and online marketing, or as otherwise requested by the COMPANY. Upon expiration or termination of this Agreement for any reason, the telephone listings and numbers and advertisements shall immediately become the sole property of the COMPANY, and the LICENSEE shall immediately cease all use of such telephone number(s). The COMPANY shall be responsible for any fees for the telephone or listings incurred after the expiration or termination if the COMPANY wants to continue use of the telephone number.

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LICENSEE shall utilize the Sparkle Wash web template throughout the duration of the AGREEMENT. LICENSEE shall maintain a Google Adwords campaign having a minimum of a \$300 per month budget during the first 12 months of operation.

19. INTERNET SERVICE – LICENSEE shall contract with an ISP (Internet Service Provider) for a high-speed internet connection where available. LICENSEE shall use this internet connection to set up an e-mail address for maintaining electronic communication with COMPANY, or as otherwise requested by COMPANY. Upon expiration or termination of this Agreement for any reason, the internet connection and e-mail address shall immediately become the sole property of the COMPANY, and the LICENSEE shall immediately cease all use of such internet connection. The COMPANY shall be responsible for any fees for the internet connection incurred after the expiration or termination if the COMPANY wants to continue use of the internet connection.

With the signing of this Agreement and any time thereafter, as COMPANY requests, LICENSEE will sign an assignment of the internet domain name(s) and e-mail address(es) used by LICENSEE's business. The assignment provides that the assignment of the internet domain name(s) and e-mail address(es) is effective upon the expiration without renewal, or termination of this Agreement, or upon the transfer of the franchise to a third party where the internet domain name(s) and/or e-mail address(es) are not assigned to the third party.

20. COMPUTER USE / ACCESS – LICENSEE shall use a computer in the operation of its Sparkle Wash franchise. LICENSEE shall use the accounting software,

including QuickBooks or any other software, provided by the COMPANY for installation on LICENSEE's computer or computer system. The LICENSEE shall record all sales, income and expenses in QuickBooks in accordance with Generally Accepted Accounting Principles ("GAAP"). The LICENSEE shall upgrade the QuickBooks software as necessary and such that the version of the QuickBooks software used to report accounting information is not more than 2 years prior to the calendar year for which accounting information is recorded. For example, QuickBooks 2014 cannot be used to record accounting information for the 2017 calendar year because the 2014 version is more than 2 years prior to 2017.

In addition, LICENSEE shall allow COMPANY to install software on LICENSEE's computer or computer system that allows COMPANY to collect financial information from LICENSEE on a daily basis. LICENSEE shall allow such software to run on the LICENSEE's computer or computer system on at least a daily basis without interference such that COMPANY can reasonably access financial information on LICENSEE's computer or computer system.

21. BUSINESS HOURS — LICENSEES shall be available to conduct business and have the business telephone answered at least between the hours of 8:00 A.M. and 5:00 P.M. except Sundays and holidays. If necessary to service national or other accounts, LICENSEE shall be available to conduct business past 5:00 P.M. or before 8:00 A.M.

22. CONFIDENTIALITY — LICENSEE acknowledges and agrees that the information and methods of operation that are divulged by the COMPANY to LICENSEE hereunder are and shall be treated as confidential and are for the sole and exclusive use of LICENSEE only during the term of this Agreement in the operation of the licensed business but not thereafter or elsewhere, or for any other purpose.

LICENSEE agrees not to copy such confidential material or divulge such material directly or indirectly to any other person at any time except as may be necessary to employees of LICENSEE.

LICENSEE agrees to obtain a signed confidentiality agreement from each of LICENSEE's employees in which the employee acknowledges and agrees that the information and methods of operation that are divulged to the employee in the course of his employment by the LICENSEE shall be treated as confidential, and shall not be copied or divulged, either directly or indirectly, by the employee to any other person at any time except as may be necessary in the course of employee's employment by LICENSEE.

23. NON-COMPETITION — LICENSEE shall not manufacture or sell, and shall not have any financial interest in, consult with, be an employee of, or own any part of any other entity that manufactures or sells chemicals, mobile, stationary or portable cleaning units, equipment, parts or accessories, or be in the service business of treating property, or provide any other product or service in competition with the COMPANY or its LICENSEES during the period of this Agreement and any later agreements and for a period

of one (1) year after the expiration or termination of any such agreements, except with the express written consent of the COMPANY.

24. NON-COMPETITION ALTERNATE — During the period of this Agreement, and for a period of one (1) year following expiration or termination, LICENSEE shall not compete as set forth in paragraph IV-B-23. If such provision is held unenforceable or invalid, or if the COMPANY chooses not to enforce the non-competition clause, and LICENSEE competes in the manner stated in IV-B-23, the LICENSEE shall pay the COMPANY the minimum royalties set in paragraph II for a period of two (2) years or actual damages, whichever is greater.

25. COMPLIANCE WITH LAWS AND REGULATIONS — The LICENSEE shall be responsible for compliance with applicable federal, state, county, municipal or other governmental laws, ordinances and regulations currently in effect or which may be enacted in the future regarding the conduct of the LICENSEE's business. All licenses, registrations, permits, and the like, and fees connected therewith, shall be made, applied for, or paid, as the case may be, by the LICENSEE. The COMPANY shall in no way be held liable for damages or loss of revenues resulting from the LICENSEE's compliance or failure to comply.

26. TAXES — The LICENSEE shall pay to the COMPANY promptly and when due the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected, or paid by LICENSEE on the account of services or goods furnished by the COMPANY to LICENSEE through sale, lease or otherwise, or on account of collection by the COMPANY of the License Fee, the Equipment Purchase, the Royalty Fees, as described in paragraphs II(a-c), or any other payments to the COMPANY called for by the LICENSEE, including but not limited to the sale of chemicals, parts or equipment.

In addition, LICENSEE shall pay in whole to the COMPANY any taxes imposed on the COMPANY for having Franchise operations located in the State or States for which the LICENSEE operates its Franchise, excluding the State of Ohio. In the event there is more than one LICENSEE operating in the applicable State or States, the tax imposed on the COMPANY for having Franchise operations in such State or States shall be equally divided among all LICENSEES operating in the applicable State or States.

27. ATTENDANCE AT ANNUAL MEETING — The LICENSEE shall attend the COMPANY's annual meeting in the LICENSEE's first year of operation.

## V. TRANSFER OF LICENSE

A. SALE OR ASSIGNMENT — The license granted to LICENSEE hereunder and the equipment utilized by LICENSEE in his business may be sold, transferred or assigned (subject to paragraph IV(B)12) only with the prior written consent of the COMPANY to any such sale, transfer or assignment. Subject to paragraph I(A), any sale, transfer or

assignment of the license granted to LICENSEE hereunder and the equipment utilized by LICENSEE in his business shall carry and be marketed under the licensed name of SPARKLE WASH OF \_\_\_\_\_. The licensed name may be changed only with the prior written consent of the COMPANY and any such change in the licensed name shall include "SPARKLE WASH."

In the event that a sale or other transfer relates to the license granted hereunder, written approval of the proposed purchaser by the COMPANY may be conditional upon satisfactory evidence that the proposed purchaser has a satisfactory credit rating, is of good moral character, and has business qualifications (all reasonably satisfactory to the COMPANY) and acceptance and execution by the prospective purchaser of the most recent Purchase and License Agreement then in use by the COMPANY; provided, however, that no license fee shall be payable to the COMPANY as required by paragraph II. In the event that such a sale or other transfer of LICENSEE's license to a third party is consummated, the COMPANY shall receive a transfer fee of Five Thousand Dollars (\$5,000) as and for partial reimbursement of the COMPANY's expenses. The assignment shall only be effective at such time as the COMPANY and the other creditors, including governmental agencies of the LICENSEE, have received all payments then due by the LICENSEE and all documents properly executed by the LICENSEE and purchaser. Such written approval shall not be unreasonably withheld and said approval shall be given by the COMPANY within ten (10) days of such request. In the event of the death of the LICENSEE, the license granted under this Agreement shall pass automatically to the heirs of the LICENSEE, if LICENSEE is a natural person and meets the other qualifications of the COMPANY of financial and managerial competency.

In the event that a proposed sale or other transfer of LICENSEE's license is consummated, the COMPANY shall provide, and the new LICENSEE must attend training as stated in Paragraph III; however, the cost of and any start-up material shall be borne by the new LICENSEE.

B. TRANSFER TO COMPETITOR PROHIBITED - The LICENSEE will not sell, assign or transfer this Agreement, any interest in the LICENSE or the Franchised Business, or any assets or accounts of the LICENSEE or the Franchised Business, to any person, partnership, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any business that is in any way competitive with COMPANY or the Franchised Business. If COMPANY refuses to permit a transfer or assignment based upon this provision, the Franchisee's only remedy will be to have a court of competent jurisdiction determine whether the proposed transferee is a competitor of COMPANY.

C. TERMINATION OR ALTERATION

1. BASIS — LICENSEE shall have the right to terminate this Agreement by giving the COMPANY not less than one hundred eighty (180) days' prior written notice, provided that such termination shall not affect any of the rights, duties, and obligations of

the parties hereunder intended to survive such termination. The COMPANY shall have the right to terminate this Agreement and the license granted hereunder, or to change the license from an exclusive license to a non-exclusive license, with the right to grant other licenses or operate COMPANY equipment in the TERRITORY or to make the TERRITORY smaller, upon notice in writing to LICENSEE mailed to the address set forth at the beginning of this Agreement upon occurrence of any of the following: should LICENSEE be declared insolvent or bankrupt, or make an assignment for the benefit of creditors, or in the event a receiver is appointed or any proceeding is demanded by, for or against LICENSEE under any provision of the Federal Bankruptcy Act or any amendment thereof; should LICENSEE default in the performance of any agreement or obligation made hereunder and such default shall not be remedied to the COMPANY's reasonable satisfaction within thirty (30) days, or such minimum period as may be required by law, whichever is longer, after receipt of written notice thereof.

Unless expressly prohibited by state law, immediate termination of the Agreement without notice may be declared by the COMPANY if the LICENSEE ceases doing business for a period of five (5) working days without prior written approval of the COMPANY or assigns, or attempts to assign the rights under this Agreement without complying with Clause V, or commits fraud or misrepresentation in the procurement or performance of this Agreement or the operation of the business or fails on three (3) or more occasions to comply with any material provisions of this Agreement or any other COMPANY Agreement, whether or not such failures to comply are cured after written notice thereof to LICENSEE.

Upon termination of the franchise for any reason, the Franchisee is not permitted to compete with Sparkle Wash in the sale of equipment, parts, and chemicals, or to work in the power, mobile cleaning, waxing, and restoration or in the sale of portable/stationary equipment or in the operation of a stationary wash business for a period of one (1) year following termination. The same restrictions apply during the term of the franchise. If such non-competition is unenforceable or if the COMPANY so chooses, then the LICENSEE will pay the COMPANY the minimum stated royalties for a 2-year period after termination or actual damages, whichever is greater, if the LICENSEE competes with the COMPANY or until such time as the COMPANY sells a new franchise in the same territory, whichever is shorter.

2. PAYMENTS — In the event that the COMPANY elects to furnish written notice of termination, the license granted and all of the COMPANY's obligations hereunder shall thereupon be deemed to be cancelled and terminated, except that no such cancellation or termination shall affect or impair the right of the COMPANY to demand, collect, or enforce any or all of its rights to performance by LICENSEE of LICENSEE's obligations hereunder, including but not limited to the payment in full of all sums due the COMPANY hereunder. All amounts due to the COMPANY by the LICENSEE are immediately payable upon notice of termination.

3. DISCONTINUED SERVICE MARK AND TRADEMARK — Upon termination of this Agreement, LICENSEE forfeits the rights under Paragraph I and shall

immediately discontinue use of the marks, telephone listings, signs and other forms of advertising or identification indicative of "Sparkle Wash," or any name or mark confusingly similar thereto. Proof of the above requirements must be provided to the COMPANY.

LICENSEE shall further not represent to the public its previous association with the COMPANY as a former COMPANY LICENSEE.

4. MANUAL AND OTHER LITERATURE — Upon termination, LICENSEE shall immediately return the COMPANY's manuals and other literature, and all copies thereof, including without limitation its advertising material, any business procedures, whether or not the literature is secret or contains proprietary material.

5. COSTS OF TERMINATION — LICENSEE shall pay to the COMPANY the costs of termination, including without limitation expenses and attorneys' fees incurred in enforcing the terms of termination and obtaining any injunction or damages.

## VI. MISCELLANEOUS

A. MEDIATION AND ARBITRATION — All controversies, claims, disputes, and matters in question arising out of or relating to this Agreement, or with respect to a breach thereof, may be decided by arbitration or court action in accordance with provisions of this Paragraph VI(A) at the option of the party's bringing the action. The party who seeks resolution of a controversy, claim, dispute, or other matter in question shall notify the other party in writing of the existence and subject matter thereof, and shall designate in such notice the names of three (3) prospective arbitrators with the proper background and training for the conflict. The parties bringing a court action agree that the suit will be brought in Cleveland, Ohio, and agree to Cleveland, Ohio as the proper venue for the suit, and agree to the jurisdiction of the courts in Cleveland, Ohio. LICENSEE also agrees to pay all reasonable attorney fees.

The dispute shall be decided by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association but such arbitration need not be under the American Arbitration Association. It may be conducted separately unless such parties cannot agree on an arbitrator. In such cases, the arbitration shall be conducted under the American Arbitration Association. Either party may apply to the American Arbitration Association for a determination of the dispute as set forth in the notification thereof by the originating party. The parties agree that the arbitration shall take place in Cleveland, Ohio and shall be governed by the laws of the United States and the State of Ohio and shall be final; and judgment may be entered upon it in accordance with applicable law by any court having jurisdiction thereof. The fees and expenses of mediators and/or arbitrators shall be shared equally by LICENSEE and the COMPANY. If one party applies for arbitration and the other party does not respond to the arbitration or cooperate therewith within 30 days, the party applying for arbitration may in its sole discretion stop the arbitration proceeding and go directly to the appropriate court as if this arbitration provision did not exist. Such



suit will be brought in Cleveland, Ohio and the parties agree to Cleveland, Ohio as the proper venue for the suit and agree to the jurisdictions of the Courts in Cleveland, Ohio. Licensee also agrees to pay all reasonable attorney fees.

The LICENSEE hereby irrevocably constitutes and appoints the Secretary of State of \_\_\_\_\_ as LICENSEE's agent to receive service of process or other proper notification relating to any disputes under this Agreement.

B. INDEPENDENT CONTRACTOR — The LICENSEE is an independent operator and contractor, and is not an agent of the COMPANY. The LICENSEE shall not have the right to bind the COMPANY, transact any business in the COMPANY's name, or in any way make any promises or representations on behalf of the COMPANY, other than as herein set forth. LICENSEE agrees to indemnify and save the COMPANY harmless from any manner of suits, claims or demands arising out of the LICENSEE's activities, and to reimburse the COMPANY for any and all costs, damages and expenses, including reasonable attorneys' fees, which the COMPANY may pay by reason of LICENSEE's activities. This paragraph shall not be construed to void or limit any of the other rights granted to the COMPANY or duties assumed by LICENSEE pursuant to this Agreement.

~~The COMPANY shall have no responsibility whatever in connection with ownership or leasing or other acquisition of interest in real or personal property by the LICENSEE, other than that expressly covered in this Agreement.~~

C. CONTRACTS OF LICENSEE — All contracts or Agreements entered into between the LICENSEE and its customers shall be the sole responsibility of the LICENSEE, and the COMPANY shall have no legal responsibility in said Agreements.

D. LICENSEE'S EMPLOYEES — The supervision and training of all LICENSEE's employees is the sole responsibility of the LICENSEE. The COMPANY shall not be held liable for any damage or injuries resulting from negligence or misuse of chemicals or equipment by LICENSEE or LICENSEE's employees.

E. ENFORCEABILITY — The fact that the COMPANY fails to enforce any one or more of the provisions of this Agreement shall not affect or impair its right to enforce those provisions or any other provisions hereof at any time in the future. The various titles of the paragraphs herein are used solely for convenience, and shall not be used for interpreting or construing any word, clause, paragraph, or subparagraph of this Agreement.

F. NON-ASSIGNABILITY — The rights herein granted shall not be applied, extended, or assigned, directly or indirectly, to other business, enterprise, individuals, or corporation without the express written consent of the COMPANY. This clause includes without limitation the sale, assignment, or transfer of any or all of the LICENSEE's stock or a partnership interest in LICENSEE without the express written consent of the COMPANY. The stock certificates of the LICENSEE shall bear the legend "This stock cannot be transferred without the permission of Sparkle International, Inc."

G. OHIO LAW

This Agreement shall be construed in accordance with the laws of the State of Ohio without giving effect to the principles of conflicts of law.

H. ENTIRE AGREEMENT, INVALID PROVISION — The foregoing constitutes the entire Agreement of the parties, and shall not be modified except by an instrument in writing signed by both parties. In the event that any provision herein contained is found to be invalid or unenforceable, the invalidity or unenforceability of such provision shall in no way affect the remaining provisions of this Agreement, all of which remaining provisions shall continue in full force and effect. No representations in this Agreement or any attached schedules are intended to disclaim any representations made in the Franchise Disclosure Document.

I. PERSONAL RESPONSIBILITY OF SHAREHOLDERS OR PARTNERS

As used herein, the term "LICENSEE" shall personally include any and all shareholders, general partners, limited partners, directors, officers, and employees for the purpose of clauses ~~II(A) (LICENSE FEE), II(B) (EQUIPMENT PURCHASE), II(C) (ROYALTIES), IV(B)20 (CONFIDENTIALITY), IV(B) 21, 22, (NON-COMPETITION), V(A)(B) (TRANSFERS), and VI(F) (NON-ASSIGNABILITY).~~

VII. ACKNOWLEDGMENTS OF LICENSEE

Franchise Disclosure Document — LICENSEE acknowledges the receipt of the COMPANY's Franchise Disclosure Document (FDD) and the License Agreement more than ten (10) business days before payment of any money or execution of any Agreement with the COMPANY. LICENSEE also acknowledges that he (she) reviewed and understood the FDD, and that no representations were made contrary to the FDD.

Risks — LICENSEE acknowledges that there are risks in the business and that no express or implied promises were made about the income or sales of the business.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement:

LICENSEE: \_\_\_\_\_

COMPANY: SPARKLE INTERNATIONAL, INC.

By: \_\_\_\_\_  
(personally and, if applicable, for entity LICENSEE)

By: \_\_\_\_\_

Title: LICENSEE, OWNER

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

0629/20

Address: 7599 First Place

Oakwood, OH 44146

Date: \_\_\_\_\_

**SCHEDULE A – S3000.00**  
**NEW FRANCHISE START – UP PACKAGE**

ALL INITIAL TRAINING – REFER TO PURCHASE AND LICENSE AGREEMENT –  
COMPANY OBLIGATIONS (III A & B)

**Chemical Supplies \***

- \_\_\_ (1) 15 Gal S.W. #1XXX
- \_\_\_ (3) 15 Gal S.W. #2
- \_\_\_ (1) 15 Gal S.W. 4S
- \_\_\_ (1) 55 Gal S.W. #4V Kit
- \_\_\_ (1) 5 Gal S.W. #4V Additive
- \_\_\_ (1) 5 Gal S.W. #3
- \_\_\_ (1) 5 Gal S.W. #10X
- \_\_\_ (1) 5 Gal S.W. PPE
- \_\_\_ (1) 1 Gal S.W. Rinse Aid
- \_\_\_ (1) 5 Gal S.W. Tile Cleaner
- \_\_\_ (1) 25 Gal S.W. Britewood Kit
- \_\_\_ (1) 25 Gal S.W. Shingle Shampoo Kit
- \_\_\_ (3) 17001.00 55 Gal Drum Empty, Transparent
- \_\_\_ (1) 5 Gal Sparkle Bio
- \_\_\_ (1) S.W. DryKrete Sample, 10-lbs
- \_\_\_ (1) 5 Gal S.W. Wood Stripper HD
- \_\_\_ (1) 5 Gal S.W. FA Graffiti Destroyer
- \_\_\_ (1) 1 Gal S.W. Liquid Graffiti Remover
- \_\_\_ (1) 19005.00 Seal Green Concrete Sealer, Quart
- \_\_\_ (1) 1 Gal Sparkle Lemon Wash Additive
- \_\_\_ (1) 5 Gal S. W. #12

**Imprinted Materials \*\***

- \_\_\_ (500) Envelopes
- \_\_\_ (500) Letterhead
- \_\_\_ (250) Commercial Brochures
- \_\_\_ (250) Residential Brochures
- \_\_\_ (250) Fleet Brochures
- \_\_\_ (500) Business Cards
- \_\_\_ (500) Job Tickets
- \_\_\_ (500) Proposal-Acceptance Forms (full page)
- \_\_\_ (500) Window Envelopes
- \_\_\_ (250) Door Hangers

**Non-Imprinted Material \*\***

- \_\_\_ (10) Daily Service Records

**SCHEDULE A – S3000.00**  
**NEW FRANCHISE START – UP PACKAGE**

ALL INITIAL TRAINING – REFER TO PURCHASE AND LICENSE AGREEMENT –  
COMPANY OBLIGATIONS (III A & B)

**Uniforms** \*\*

- \_\_\_ (2) Shirts w/Emblem
- \_\_\_ (1) Trouser
- \_\_\_ (1) Jacket w/Emblem
- \_\_\_ (2) S.W. T-Shirts
- \_\_\_ (1) S.W. Visor Cap, Black
- \_\_\_ (1) S.W. Visor Cap, Navy Blue
- \_\_\_ (1) S.W. Visor Cap, Stone

**Accounting & Administrative Software** \*\*

- \_\_\_ (1) QuickBooks Pro Software

**Manuals** \*\*

- \_\_\_ (1) Environmental Manual
- \_\_\_ (1) Product Description Manual
- \_\_\_ (1) Estimating Manual
- \_\_\_ (1) Marketing Manual
- \_\_\_ (1) Financial Procedures Manual
- \_\_\_ (1) Equipment Operating Procedures Manual (See Sch. B)

**Equipment Components** \*\*

**Chemical Transfer & Application Items**

- \_\_\_ (2) 8542.00 Siphon Pump
- \_\_\_ (2) 8542.02 Hand Pump Replacement Hose
- \_\_\_ (2) 8543.00 Fill Bucket
- \_\_\_ (1) 8546.01 Drum Wrench
- \_\_\_ (1) 8546.02 Lid Claw
- \_\_\_ (2) 57001.00 Two Gal Pump Sprayer
- \_\_\_ (1) 69003.00 Half Mask Respirator, Medium
- \_\_\_ (1) 69006.00 P/100/Organic Vapor Cartridge
- \_\_\_ (2) 57001.01 Nozzle Pack for Pump Sprayer
- \_\_\_ (1) 57000.00 Drum Proportioner

**Spray Nozzles**

- \_\_\_ (1) 46001.00 (4009)



## SCHEDULE B - S3001.00

### EQUIPMENT PACKAGE DESCRIPTION

#### 2017 SPARKLE WASH MODEL EAGLE

Each equipment package includes installation in either a suitable van or trailer meeting the safety and appearance specifications of Sparkle International, Inc. A sprayed-on bedliner is added to the cargo area floor of the van to protect the floor from corrosion. Exterior Sparkle Wash decals are applied to either the van or trailer.

The components of the equipment package listed below are fully assembled on stainless steel frames.

- \_\_\_ (2) High pressure pumping systems with unloaders and quick couplers
- \_\_\_ (2) Hot water systems with thermostat and flow switch controls
- \_\_\_ (1) Three cylinder, water-cooled, key start diesel engine
- \_\_\_ (1) Heavy-duty 12-volt battery
- \_\_\_ (3) 10-gallon fuel tanks
- \_\_\_ (2) Sequence controlled chemical changeover systems
- \_\_\_ (4) Strobe chemical indicator lights
- \_\_\_ (2) Chemical injector and filter systems
- \_\_\_ (6) Solenoid operated, adjustable chemical metering valves
- \_\_\_ (4) 10 gallon chemical concentrate tanks
- \_\_\_ (1) 200 gallon internally baffled polypropylene water tank
- \_\_\_ (1) Main electrical control panel with:
  - (1) Key start switch with glow plug indicator
  - (1) Hour meter
  - (1) Circuit protection circuit breaker
  - (1) 12 volt prep pump with controls
- \_\_\_ (1) Hose reel assembly with 200' of fill hose
- \_\_\_ (1) H2O Softening System

#### Hose Assemblies

##### (2) 150' Work Hose Assemblies

- \_\_\_ (6) 15004.00 3/8" Black Hose 50' 3/8" MPT
- \_\_\_ (2) 21033.00 Plug
- \_\_\_ (4) 6520.00 Swivel Connector
- \_\_\_ (2) 21032.00 Coupler

##### (1) 150' Prep Hose Assembly

- \_\_\_ (1) 15013.00 1/4" Push Loc Hose, 150'
- \_\_\_ (1) 2133.01 Ball Valve
- \_\_\_ (1) 3153.00 Adapter
- \_\_\_ (1) 3140.00 Plug
- \_\_\_ (1) 3154.00 Nozzle
- \_\_\_ (1) 3160.00 Nut
- \_\_\_ (1) 3161.00 Screen
- \_\_\_ (1) 3172.00 Prep Wand
- \_\_\_ (2) 3149.00 Coupling
- \_\_\_ (1) 6131.00 Hose Barb
- \_\_\_ (1) 6130.00 Hose Barb
- \_\_\_ (1) 23010.00 Nipple

## SCHEDULE B - S3001.00

### Wand Assemblies

#### (2) 6' Aluminum Wands w/Fittings

- \_\_\_ (2) 3182.00 6' Aluminum Wand
- \_\_\_ (2) 23011.00 Coupler
- \_\_\_ (2) 21035.00 Plug

#### (2) 4' Aluminum Wands w/Fittings

- \_\_\_ (2) 3181.00 4' Aluminum Wand
- \_\_\_ (2) 23011.00 Coupler
- \_\_\_ (2) 21035.00 Plug

#### (2) 2' Aluminum Wands w/Fittings

- \_\_\_ (2) 3180.00 2' Aluminum Wand
- \_\_\_ (2) 23011.00 Coupler
- \_\_\_ (2) 21035.00 Plug

### Spray Guns

#### (2) Spray Gun Assemblies

- \_\_\_ (2) 5030.00 Spray Gun
- \_\_\_ (2) 21034.00 Plug
- \_\_\_ (2) 23012.00 Coupler

#### Spray Nozzles

- \_\_\_ (1) 46001.00 (4009)
- \_\_\_ (1) 46001.01 (4012)
- \_\_\_ (1) 46002.00 (4007)
- \_\_\_ (1) 46005.00 (4010)
- \_\_\_ (1) 46006.00 (4008)
- \_\_\_ (1) 46007.00 (40055)
- \_\_\_ (1) 46013.00 (00055)
- \_\_\_ (1) 46018.00 (6510) w/Plug 21035.00

#### Safety Supplies

- \_\_\_ (2) 8601.00 Safety Glasses
- \_\_\_ (2) 8600.00 Head Gear
- \_\_\_ (2) 8610.00 Shield for Head Gear
- \_\_\_ (2) 8544.00 Rubber Glove

#### Spray Applicators

- \_\_\_ (2) 8532.00 Sprayer Head
- \_\_\_ (2) 8533.00 Bottle



## SCHEDULE B - S3001.00

### Spare Parts

#### Chemical System

- \_\_\_ (1) 2606.00 O-Ring
- \_\_\_ (2) 9187.00 Ferrule
- \_\_\_ (1) 60000.00 Flow Switch

#### Spray Guns

- \_\_\_ (1) 5030.24 Gun Rebuild Kit

#### Prep Pump

- \_\_\_ (1) 3139.00 Coupler
- \_\_\_ (1) 3140.00 Plug
- \_\_\_ (1) 1200.24 Check Valve
- \_\_\_ (1) 2133.01 Ball Valve

### Wand Stock

- \_\_\_ (1) 3141.02 Wand Stock

### Miscellaneous Hydraulic Parts

#### 1/4" NPT Parts

- \_\_\_ (1) 21039.00 O-Ring
- \_\_\_ (4) 21035.00 Plug
- \_\_\_ (4) 23011.00 Coupler
- \_\_\_ (1) 23012.00 Coupler

#### 3/8" NPT Parts

- \_\_\_ (1) 21040.00 O-Ring
- \_\_\_ (1) 21033.00 Plug
- \_\_\_ (1) 21034.00 Plug
- \_\_\_ (1) 21032.00 Coupler
- \_\_\_ (1) 6520.00 Swivel Connector
- \_\_\_ (2) 63006.00 Ferrule

#### Printed Materials

- \_\_\_ (1) EOP Manual

#### Misc Tools

- \_\_\_ (1) 38009.00 Belt Tension Tester
- \_\_\_ (1) 30011.01 Electrode Gauge
- \_\_\_ (1) S3001.190 Oil Drain Hose
- \_\_\_ (1) 9187.01 Bi-Lok Cap, 1/4" Tube
- \_\_\_ (1) 4158.00 Garden Hose Adapter, Brass GHFE Swivel
- \_\_\_ (2) 4165.00 Garden Hose Washer, 3/4"
- \_\_\_ (1) 76016.02 Bi-Lok Cap, 3/8" Tube





## EXHIBIT D

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**You have been offered an Exclusive Sparkle Wash franchise. Therefore, a Non-Exclusive PURCHASE AND LICENSE AGREEMENT has not been included with your offering circular. Please see Attachment C for your copy of the Exclusive PURCHASE AND LICENSE AGREEMENT.**

**SCHEDULE A – S3000.00**  
**NEW FRANCHISE START – UP PACKAGE**

ALL INITIAL TRAINING – REFER TO PURCHASE AND LICENSE AGREEMENT –  
COMPANY OBLIGATIONS (III A & B)

**Chemical Supplies \***

- \_\_\_ (1) 15 Gal S.W. #1XXX
- \_\_\_ (3) 15 Gal S.W. #2
- \_\_\_ (1) 15 Gal S.W. 4S
- \_\_\_ (1) 55 Gal S.W. #4V Kit
- \_\_\_ (1) 5 Gal S.W. #4V Additive
- \_\_\_ (1) 5 Gal S.W. #3
- \_\_\_ (1) 5 Gal S.W. #10X
- \_\_\_ (1) 5 Gal S.W. PPE
- \_\_\_ (1) 1 Gal S.W. Rinse Aid
- \_\_\_ (1) 5 Gal S.W. Tile Cleaner
- \_\_\_ (1) 25 Gal S.W. Britewood Kit
- \_\_\_ (1) 25 Gal S.W. Shingle Shampoo Kit
- \_\_\_ (3) 17001.00 55 Gal Drum Empty, Transparent
- \_\_\_ (1) 5 Gal Sparkle Bio
- \_\_\_ (1) S.W. DryKrete Sample, 10-lbs
- \_\_\_ (1) 5 Gal S.W. Wood Stripper HD
- \_\_\_ (1) 5 Gal S.W. FA Graffiti Destroyer
- \_\_\_ (1) 1 Gal S.W. Liquid Graffiti Remover
- \_\_\_ (1) 19005.00 Seal Green Concrete Sealer, Quart
- \_\_\_ (1) 1 Gal Sparkle Lemon Wash Additive
- \_\_\_ (1) 5 Gal S. W. #12

**Imprinted Materials \*\***

- \_\_\_ (500) Envelopes
- \_\_\_ (500) Letterhead
- \_\_\_ (250) Commercial Brochures
- \_\_\_ (250) Residential Brochures
- \_\_\_ (250) Fleet Brochures
- \_\_\_ (500) Business Cards
- \_\_\_ (500) Job Tickets
- \_\_\_ (500) Proposal-Acceptance Forms (full page)
- \_\_\_ (500) Window Envelopes
- \_\_\_ (250) Door Hangers

**Non-Imprinted Material \*\***

- \_\_\_ (10) Daily Service Records

**SCHEDULE A – S3000.00**  
**NEW FRANCHISE START – UP PACKAGE**

ALL INITIAL TRAINING – REFER TO PURCHASE AND LICENSE AGREEMENT –  
COMPANY OBLIGATIONS (III A & B)

**Uniforms \*\***

- \_\_\_ (2) Shirts w/Emblem
- \_\_\_ (1) Trouser
- \_\_\_ (1) Jacket w/Emblem
- \_\_\_ (2) S.W. T-Shirts
- \_\_\_ (1) S.W. Visor Cap, Black
- \_\_\_ (1) S.W. Visor Cap, Navy Blue
- \_\_\_ (1) S.W. Visor Cap, Stone

**Accounting & Administrative Software \*\***

- \_\_\_ (1) QuickBooks Pro Software

**Manuals \*\***

- \_\_\_ (1) Environmental Manual
- \_\_\_ (1) Product Description Manual
- \_\_\_ (1) Estimating Manual
- \_\_\_ (1) Marketing Manual
- \_\_\_ (1) Financial Procedures Manual
- \_\_\_ (1) Equipment Operating Procedures Manual (See Sch. B)

**Equipment Components \*\***

Chemical Transfer & Application Items

- \_\_\_ (2) 8542.00 Siphon Pump
- \_\_\_ (2) 8542.02 Hand Pump Replacement Hose
- \_\_\_ (2) 8543.00 Fill Bucket
- \_\_\_ (1) 8546.01 Drum Wrench
- \_\_\_ (1) 8546.02 Lid Claw
- \_\_\_ (2) 57001.00 Two Gal Pump Sprayer
- \_\_\_ (1) 69003.00 Half Mask Respirator, Medium
- \_\_\_ (1) 69006.00 P/100/Organic Vapor Cartridge
- \_\_\_ (2) 57001.01 Nozzle Pack for Pump Sprayer
- \_\_\_ (1) 57000.00 Drum Proportioner

Spray Nozzles

- \_\_\_ (1) 46001.00 (4009)



## SCHEDULE B - S3001.00

### EQUIPMENT PACKAGE DESCRIPTION

#### 2017 SPARKLE WASH MODEL EAGLE

Each equipment package includes installation in either a suitable van or trailer meeting the safety and appearance specifications of Sparkle International, Inc. A sprayed-on bedliner is added to the cargo area floor of the van to protect the floor from corrosion. Exterior Sparkle Wash decals are applied to either the van or trailer.

The components of the equipment package listed below are fully assembled on stainless steel frames.

- \_\_\_ (2) High pressure pumping systems with unloaders and quick couplers
- \_\_\_ (2) Hot water systems with thermostat and flow switch controls
- \_\_\_ (1) Three cylinder, water-cooled, key start diesel engine
- \_\_\_ (1) Heavy-duty 12-volt battery
- \_\_\_ (3) 10-gallon fuel tanks
- \_\_\_ (2) Sequence controlled chemical changeover systems
- \_\_\_ (4) Strobe chemical indicator lights
- \_\_\_ (2) Chemical injector and filter systems
- \_\_\_ (6) Solenoid operated, adjustable chemical metering valves
- \_\_\_ (4) 10 gallon chemical concentrate tanks
- \_\_\_ (1) 200 gallon internally baffled polypropylene water tank
- \_\_\_ (1) Main electrical control panel with:
  - (1) Key start switch with glow plug indicator
  - (1) Hour meter
  - (1) Circuit protection circuit breaker
  - (1) 12 volt prep pump with controls
- \_\_\_ (1) Hose reel assembly with 200' of fill hose
- \_\_\_ (1) H2O Softening System

#### Hose Assemblies

##### (2) 150' Work Hose Assemblies

- \_\_\_ (6) 15004.00 3/8" Black Hose 50' 3/8" MPT
- \_\_\_ (2) 21033.00 Plug
- \_\_\_ (4) 6520.00 Swivel Connector
- \_\_\_ (2) 21032.00 Coupler

##### (1) 150' Prep Hose Assembly

- \_\_\_ (1) 15013.00 1/4" Push Loc Hose, 150'
- \_\_\_ (1) 2133.01 Ball Valve
- \_\_\_ (1) 3153.00 Adapter
- \_\_\_ (1) 3140.00 Plug
- \_\_\_ (1) 3154.00 Nozzle
- \_\_\_ (1) 3160.00 Nut
- \_\_\_ (1) 3161.00 Screen
- \_\_\_ (1) 3172.00 Prep Wand
- \_\_\_ (2) 3149.00 Coupling
- \_\_\_ (1) 6131.00 Hose Barb
- \_\_\_ (1) 6130.00 Hose Barb
- \_\_\_ (1) 23010.00 Nipple



## SCHEDULE B - S3001.00

### Wand Assemblies

#### (2) 6' Aluminum Wands w/Fittings

- \_\_\_ (2) 3182.00 6' Aluminum Wand
- \_\_\_ (2) 23011.00 Coupler
- \_\_\_ (2) 21035.00 Plug

#### (2) 4' Aluminum Wands w/Fittings

- \_\_\_ (2) 3181.00 4' Aluminum Wand
- \_\_\_ (2) 23011.00 Coupler
- \_\_\_ (2) 21035.00 Plug

#### (2) 2' Aluminum Wands w/Fittings

- \_\_\_ (2) 3180.00 2' Aluminum Wand
- \_\_\_ (2) 23011.00 Coupler
- \_\_\_ (2) 21035.00 Plug

### Spray Guns

#### (2) Spray Gun Assemblies

- \_\_\_ (2) 5030.00 Spray Gun
- \_\_\_ (2) 21034.00 Plug
- \_\_\_ (2) 23012.00 Coupler

#### Spray Nozzles

- \_\_\_ (1) 46001.00 (4009)
- \_\_\_ (1) 46001.01 (4012)
- \_\_\_ (1) 46002.00 (4007)
- \_\_\_ (1) 46005.00 (4010)
- \_\_\_ (1) 46006.00 (4008)
- \_\_\_ (1) 46007.00 (40055)
- \_\_\_ (1) 46013.00 (00055)
- \_\_\_ (1) 46018.00 (6510) w/Plug 21035.00

#### Safety Supplies

- \_\_\_ (2) 8601.00 Safety Glasses
- \_\_\_ (2) 8600.00 Head Gear
- \_\_\_ (2) 8610.00 Shield for Head Gear
- \_\_\_ (2) 8544.00 Rubber Glove

#### Spray Applicators

- \_\_\_ (2) 8532.00 Sprayer Head
- \_\_\_ (2) 8533.00 Bottle

## SCHEDULE B - S3001.00

### Spare Parts

#### Chemical System

- \_\_\_ (1) 2606.00 O-Ring
- \_\_\_ (2) 9187.00 Ferrule
- \_\_\_ (1) 60000.00 Flow Switch

#### Spray Guns

- \_\_\_ (1) 5030.24 Gun Rebuild Kit

#### Prep Pump

- \_\_\_ (1) 3139.00 Coupler
- \_\_\_ (1) 3140.00 Plug
- \_\_\_ (1) 1200.24 Check Valve
- \_\_\_ (1) 2133.01 Ball Valve

### Wand Stock

- \_\_\_ (1) 3141.02 Wand Stock

### Miscellaneous Hydraulic Parts

#### 1/4" NPT Parts

- \_\_\_ (1) 21039.00 O-Ring
- \_\_\_ (4) 21035.00 Plug
- \_\_\_ (4) 23011.00 Coupler
- \_\_\_ (1) 23012.00 Coupler

#### 3/8" NPT Parts

- \_\_\_ (1) 21040.00 O-Ring
- \_\_\_ (1) 21033.00 Plug
- \_\_\_ (1) 21034.00 Plug
- \_\_\_ (1) 21032.00 Coupler
- \_\_\_ (1) 6520.00 Swivel Connector
- \_\_\_ (2) 63006.00 Ferrule

#### Printed Materials

- \_\_\_ (1) EOP Manual

#### Misc Tools

- \_\_\_ (1) 38009.00 Belt Tension Tester
- \_\_\_ (1) 30011.01 Electrode Gauge
- \_\_\_ (1) S3001.190 Oil Drain Hose
- \_\_\_ (1) 9187.01 Bi-Lok Cap, 1/4" Tube
- \_\_\_ (1) 4158.00 Garden Hose Adapter, Brass GHFE Swivel
- \_\_\_ (2) 4165.00 Garden Hose Washer, 3/4"
- \_\_\_ (1) 76016.02 Bi-Lok Cap, 3/8" Tube





NON-EXCLUSIVE  
PURCHASE AND LICENSE AGREEMENT

THIS AGREEMENT made by and between SPARKLE INTERNATIONAL, INC., an Ohio corporation, with its principal place of business at 7599 First Place, Oakwood, Ohio 44146, hereinafter called the "COMPANY" and \_\_\_\_\_ of \_\_\_\_\_, both for the licensed entity and personally, hereinafter called the "LICENSEE," is to evidence that:

WHEREAS, the COMPANY has expended time, effort, and money to develop and obtain knowledge in the field of developing, producing, branding and merchandising mobile units and related equipment, chemicals, and processes for the on-site washing, cleaning, restoration, treating, painting, sealing and preservation of both real property and personal property (hereinafter called "treating"); and

WHEREAS, the COMPANY has adopted service and trademarks (hereinafter called "marks"), registered same with the United States and Canadian Patent Offices (U.S. Reg. No. 871,508, U.S. Reg. No. 887,666, U.S. Reg. No. 887,667, Canadian Reg. No. 176,054), acquired goodwill that is symbolized by and associated with the marks and has been granted United States and Canadian Patents on said mobile units and has other patents pending; and

WHEREAS, the LICENSEE desires to obtain the benefits of the unique form of operation established by the Company and right to do business under the name "Sparkle Wash" and the LICENSEE desires to obtain a territory and a license for the use of this form of operation, and the COMPANY is desirous of selling its power mobile unit(s) and related equipment and issuing a license for the use of its marks, knowledge, products and services to the LICENSEE.

NOW, THEREFORE, the parties hereto do hereby agree to the following conditions governing the relationship between them:

I. GRANT, TERRITORY, TERM, NOTICE and RENEWAL

A. GRANT — The COMPANY grants to the LICENSEE the right to:

1. utilize the COMPANY's marks for the service of mobile, on-site washing, cleaning, restoration, treating and preservation of personal and real property;

2. the availability of the COMPANY's parts, promotional materials and chemicals, and periodic technical and marketing assistance; solely within the area described as follows (hereinafter referred to as the "TERRITORY"):

SEE ADDENDUM A, TERRITORY MAP

3. use the COMPANY's patented mobile units, the COMPANY's specially developed operating, sales, and marketing procedures, and the COMPANY's training programs;

4. an option to sell Sparkle Wash stationary/portable cleaning equipment, and to sell Sparkle Wash related chemicals and to establish Sparkle Wash stationary washes under separate agreements which are in effect when the option is exercised; and

5. no other products or services.

The COMPANY further grants to the LICENSEE the right to the use of the name: SPARKLE WASH OF \_\_\_\_\_. LICENSEE IS EXPRESSLY PROHIBITED FROM INCORPORATING UNDER THIS NAME OR ANY OTHER NAME WHICH INCLUDES THE NAME "SPARKLE WASH" OR ANY NAME SIMILAR TO "SPARKLE WASH" OR THE COMPANY'S MARKS AS THIS RIGHT IS RESERVED EXCLUSIVELY BY THE COMPANY.

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B. TERRITORY — The number of franchises in the NON-EXCLUSIVE AREA is determined by the number of POPULATION BLOCKS available. A single POPULATION BLOCK consists of five hundred thousand (500,000) people. A minimum of one (1) MOBILE UNIT is required for each population block purchased. Any number of population blocks can be purchased by a LICENSEE.

The total sum of population blocks can not exceed the total population within the designated NON-EXCLUSIVE AREA.

The FRANCHISOR can establish another mobile washing LICENSEE which is permitted to use the COMPANY'S trade name, trademarks and patents, in any territory within a NON-EXCLUSIVE AREA. The COMPANY can cancel for non-performance or insolvency under the PURCHASE AND LICENSE AGREEMENT (Par. V (B) 1).

A LICENSEE has no restriction for operating or performing services with-in the NON-EXCLUSIVE AREA. A LICENSEE can not operate or perform services outside the designated NON-EXCLUSIVE AREA without the express written consent of the COMPANY. The LICENSEE will refer all requests for service outside the NON-EXCLUSIVE AREA to the appropriate LICENSEE who has the right to perform the services or to the COMPANY.

C. TERM, RENEWAL AND NOTICE – The term of the License Agreement is for ten (10) years. Unless either COMPANY or LICENSEE provides 180 day written notice to the other party stating that they do not want the License Agreement renewed, the License Agreement will automatically renew for an additional ten (10) year term upon

the expiration of the current License Agreement using the updated Sparkle Wash License Agreement in effect at that time. The fee, payable by the LICENSEE, for automatic renewal of the License Agreement is \$100.

II. COST - LICENSE FEE, ADDITIONAL POPULATION BLOCKS, REQUIRED ADDITIONAL START-UP PACKAGE, EQUIPMENT PURCHASE, ROYALTIES

A. LICENSE FEE - For the non-refundable sum of THIRTY-FIVE THOUSAND DOLLARS (\$35,000.00), the COMPANY hereby transfers, assigns and conveys the start-up package described in Schedule A attached hereto and the rights described in Paragraph I above for a term to continue until the agreement is terminated. The purchase of additional population in blocks of 500,000 people shall be priced at TWENTY THOUSAND DOLLARS (\$20,000.00) per block, plus the purchase of additional vehicle(s) (refer to Paragraph I(B)).

B. EQUIPMENT PURCHASE — For the further sum of THIRTY-NINE THOUSAND NINE HUNDRED FIFTY DOLLARS (\$39,950.00) the COMPANY hereby sells and conveys to LICENSEE (or to LICENSEE's designate) a \_\_\_\_\_ mobile unit and related items as described in Schedule B attached hereto.

As selected by the LICENSEE in Schedule B attached hereto, the COMPANY hereby sells and conveys to LICENSEE (or to LICENSEE's designate) either a van for the further sum of approximately THIRTY-SEVEN THOUSAND \_\_\_\_\_ DOLLARS (\$ 37,000.00 ) or a trailer for the further sum of approximately SEVEN THOUSAND DOLLARS (\$ 7,000.00 ). The trailer mounted option is available only upon a showing that the LICENSEE has a suitable means of towing the trailer.

Upon the signing of this Agreement, the LICENSEE shall pay to the COMPANY a binding deposit of FIFTEEN THOUSAND DOLLARS (\$15,000.00), and upon the delivery of the equipment described in Schedule B, the LICENSEE shall pay to the COMPANY the remaining balance due for equipment and remaining balance due for the franchise fee.

Any mobile units or related equipment hereafter purchased by the LICENSEE shall be purchased at the prevailing price at time of delivery. LICENSEE understands that the COMPANY may be required to increase the price for its mobile units from time to time due to increased costs of parts and labor.

The estimated delivery date of the items listed on Schedule A, (start-up package) and B (mobile unit(s) and related equipment) is WITHIN NINETY (90) DAYS OF DEPOSIT.

The COMPANY shall not be liable for any delay in delivering any of the products or merchandise it furnishes the LICENSEE if such delay is due to fire, strike, riot, civil

commotion, shortage of materials from its suppliers, any dispute with workmen, transportation delay, demands of the government or requirements thereof, or any other cause beyond the control of the COMPANY. The existence of any such cause of delay shall extend the time of delivery on the part of the COMPANY by the time involved therein.

C. ROYALTY FEES AND REPORTS — The LICENSEE shall pay to the COMPANY the greater of a minimum royalty or a basic royalty fee as calculated below. COMPANY shall have the right to require in the Accounting Manual or otherwise in writing that LICENSEE make royalty payments to COMPANY or to a bank account specified by COMPANY by electronic fund transfer, pre-authorized auto-draft arrangement, or such other means that COMPANY specifies in writing. The LICENSEE agrees to pay by automatic funds transfer from the LICENSEE's bank account to COMPANY's bank account. The Authorization for Electronic Transfer of Funds which LICENSEE must sign for royalty payment is attached as EXHIBIT B. If LICENSEE fails to have sufficient funds available to pay any royalty fees, interest and delinquency fees will be applied to LICENSEE's account as outlined in paragraph 3 of this section.

The LICENSEE shall maintain accurate records of all sales and expenses and shall forward to the COMPANY a monthly sales report setting forth a complete accounting of its sales and such other information as may be required by the COMPANY. Such sales reports shall be made on forms designated by the COMPANY and shall be delivered to the COMPANY within ten (10) days of the close of each calendar month. LICENSEE'S reports shall be accompanied by payment of LICENSEE's royalty fees and are payable in accordance with the following paragraphs:

1. BASIC ROYALTY FEE — The LICENSEE shall pay to the COMPANY the greater of a minimum royalty or a basic royalty fee equal to a monthly percentage (%) of LICENSEE's monthly Net Sales Revenues. Net Sales Revenues are derived from the treating of both real and personal property, whether or not done under the COMPANY's marks and any other services or products sold in connection with the COMPANY's marks. "Net Sales Revenues" are defined as Gross Sales or total billings by the LICENSEE to LICENSEE's customers for services or products rendered by or at the direction of the LICENSEE for work performed in each calendar month not including any state or local sales taxes which are applicable to LICENSEE's services and less an amount equal to all purchases made by LICENSEE of chemicals, parts, accessories and printed materials from the COMPANY for which payment has been received within 30 days of the invoice date and paid within the current royalty month. Postage, freight, labor costs, equipment packages, complete mobile units, and purchases made from sources other than the COMPANY are not deductible expenses in computing Net Sales Revenues.

The standard royalty rate is six percent (6%) of LICENSEE's Net adjusted monthly sales revenues. However, the LICENSEE's cumulative gross sales in each calendar year may entitle LICENSEE to reduced royalty rates for a portion of the year. When



calendar year cumulative gross sales reach \$500,000, the monthly royalty fee is reduced to five percent (5%) for the balance of the calendar year. When cumulative calendar year gross sales reach \$1,000,000, the monthly royalty fee is reduced to four percent (4%) for the balance of that calendar year. Each calendar year begins with \$0 sales and six percent (6%) royalty rate.

LICENSEE shall also prepare and forward to the COMPANY an accurate and complete Annual Report within sixty (60) days after the end of the LICENSEE's fiscal year. This report shall include a Balance Sheet and Income Statement and Tax Return. Each financial statement shall be signed by the LICENSEE attesting that the information is true and correct. Such reports shall use generally accepted accounting procedures and use forms specified by the COMPANY.

The basic royalty fee as set forth above is payable each month beginning the first full calendar month after delivery of the initial mobile unit.

Beginning with the seventh (7th) full calendar month after delivery of initial mobile unit or other unit of equipment, the royalty fee will be the greater of the basic royalty fee or the minimum royalties specified in paragraph II(C)(2).

2. MINIMUM ROYALTY — The LICENSEE shall pay to the COMPANY the greater of a minimum royalty or a basic royalty fee. The minimum royalties shall be according to the following schedule for the TERRITORY:

<u>Time</u>	<u>Monthly Minimum Royalty</u>
0-6 months	\$ 0.00/month
7-12 months	\$200.00/month
Second year	\$400.00/month
Third year	\$600.00/month
Fourth year	\$8800.00/month
Fifth year and thereafter	\$1,000.00/month

After the fifth (5th) year the minimum monthly royalty rate of \$1,000/month will be adjusted every five (5) years to reflect the average five (5) year change in the CPI (Consumer Price Index).

3. LATE PAYMENTS AND REPORTS - Commencing on the first (1st) day of the month following the month in which a monthly royalty fee is due, interest shall accrue on any unpaid amount at the rate of two percent (2%) (or at the maximum rate as may be permitted under applicable law if less than 2%) for each month or part thereof. Any payment not actually received by COMPANY on or before such date shall be deemed overdue if not postmarked at least one (1) day prior to the due date. If any fee report is overdue, the LICENSEE shall pay to COMPANY a delinquency fee of \$50.00 per delinquent fee report. Entitlement to such interest

and/or the delinquency fee shall be in addition to any other remedies COMPANY may have. The LICENSEE understands that COMPANY may, at COMPANY's discretion, assign the payment of such fees and the submission of the monthly reports to a third party. In addition, LICENSEE agrees to reimburse the COMPANY for all costs and expenses, including reasonable attorneys' fees, incurred in collection and determination of amounts due hereunder. At any time that the LICENSEE is thirty (30) or more days in arrears in the payment of monthly royalty fees or invoices for materials purchased from the COMPANY and/or the filing of reports due to the COMPANY hereunder, the COMPANY, at its sole discretion, may cease providing the LICENSEE with services and products herein provided for until such time as the LICENSEE is current in the payment of fees and invoices and the filing of reports. The failure of the COMPANY to provide such services during such periods shall not be deemed a breach of this Agreement.

The COMPANY can share information in these royalty reports with other LICENSEES in the ordinary course of the COMPANY business.

D. TECHNOLOGY SUPPORT AND DEVELOPMENT FEE — In consideration of the continued development, use, maintenance support and related services that COMPANY shall provide for computer software and technology, the LICENSEE shall pay to COMPANY an annual Technology Support and Development Fee. The annual Technology Support and Development Fee is \$1000.00 per year (paid monthly, \$100 per month for 10 months). The COMPANY shall have the right to increase the annual Technology Support and Development Fee as necessary to reflect increased costs associated with providing such services and any additional services that may arise. The annual payment is due on February 1<sup>st</sup> of each year. The LICENSEE acknowledges and understands that COMPANY retains a portion of the Technology Support and Development Fee and all payments LICENSEE makes to COMPANY for providing software and technology to the LICENSEE.

E. NATIONAL MARKETING AND ADVERTISING FUND FEE – The LICENSEE shall pay COMPANY on a monthly basis during the entire term of this Agreement or any renewal term, a National Marketing and Advertising Fund Fee up to and including one percent (1%) per month of LICENSEE's monthly Net Sales Revenue (defined in II(C)(1)), due and payable at the same time and with LICENSEE's Royalty Fee. The National Marketing and Advertising Fund fee at the time of execution of this Agreement is fifty (\$50.00) Dollars per month. COMPANY will notify LICENSEE in writing if LICENSEE is required to pay an increased amount for the National Marketing and Advertising Fund fee. Payments shall be made automatically to COMPANY by direct deposits from LICENSEE bank account and LICENSEE agrees to sign any required documents to implement the automated bank draft provision.

1. USE OF FUND FEES - COMPANY shall use National Marketing and Advertising Fund Fees, in COMPANY's sole discretion, for Internet Development and Operation and on national, regional and/or local advertising and to

create advertising materials and public relations which promote, in COMPANY's sole judgment, the services offered by franchisees to the public. The National Marketing and Advertising Fund Fees may also be expended for market research and development, test or target marketing, conducting surveys, creative and production cost. COMPANY shall have the sole right and sole authority to determine, without limitation, the selection of the advertising materials and programs, provided, however, that COMPANY shall make a good faith effort to expend such funds in the general best interests of the franchisees on a national or regional basis. Nevertheless, LICENSEE acknowledges and agrees that not all franchisees will benefit directly or on a pro rata basis from such expenditures. While COMPANY does not anticipate that any part of National Marketing and Advertising Fund Fees will be used for advertising which is principally a solicitation for franchisees, COMPANY reserves the right to include a notation in any advertisement indicating "Franchises Available."

2. REIMBURSEMENT FOR COSTS AND OVERHEAD - COMPANY reserves the right to reimburse COMPANY from National Marketing and Advertising Fund Fees for such reasonable costs and overhead, if any, as COMPANY may incur in activities reasonably related to the direction and implementation of the National Marketing and Advertising Fund Fee and advertising programs for franchisees, including, for example, costs of personnel for creating and implementing advertising, promotional and marketing programs, accounting, administrative, and legal and outside consultants. At the LICENSEE's request, COMPANY shall provide LICENSEE with an unaudited accounting of National Marketing and Advertising Fund Fee expenditures. LICENSEE must pay COMPANY the monthly National Marketing and Advertising Fund Fee so that COMPANY receives the fee no later than the 10th day of the month following the calendar month for which the fee is calculated. Any required National Marketing and Advertising Fund Fees not paid when due shall be a violation of this Agreement and subject this Agreement to termination.

3. SURPLUSES - It is anticipated that all contributions to the National Marketing and Advertising Fund will be expended for their intended purposes during the fiscal year in which contributions are made. National Marketing and Advertising Fund surpluses, if any, may be expended in the following fiscal year(s). Although COMPANY intends the National Marketing and Advertising Fund to be of a long-term duration, COMPANY maintains the right to terminate the National Marketing and Advertising Fund Fee at any time. The National Marketing and Advertising Fund shall not be terminated, however, until all monies in the National Marketing and Advertising Fund have been expended for advertising and promotional purposes.

### III. COMPANY OBLIGATIONS

A. TRAINING - The COMPANY shall provide training at its National Headquarters or other suitable location which shall include: familiarization with the mobile unit, preventive maintenance, and operating procedures; familiarization with and use of COMPANY-provided manuals; field troubleshooting and repair; precautions and use of COMPANY-supplied chemicals and chemical systems; familiarization with COMPANY-developed start-up marketing organization, record keeping, advertising and selling programs; and familiarization with and instruction in utilizing COMPANY-supplied accounting and billing systems.

Initial training for LICENSEE and up to one (1) of LICENSEE's representatives shall be provided at the time specified for the delivery of LICENSEE's first mobile unit, and shall last approximately five (5) days. In the event any or all of such initial training is conducted at the COMPANY's National Headquarters, the COMPANY shall provide local transportation and shall pay the cost of lodging for LICENSEE and his representative during such initial training period. Travel expenses and other personal expenses shall be the responsibility of the LICENSEE. ~~Additional persons at a cost of one hundred dollars (\$100.00) per day per person up to a maximum of two (2) additional persons may attend the training at the COMPANY's discretion.~~ All other expenses for additional persons shall be the responsibility of the LICENSEE. Additional days of training may be provided at a cost of \$500/day. All other expenses shall be the responsibility of the licensee.

Upon delivery of each additional mobile unit purchased by the LICENSEE, the COMPANY shall provide to LICENSEE or to one (1) designated representative of LICENSEE one (1) day of training if requested by the LICENSEE. In the event such training is conducted at the COMPANY's National Headquarters, the COMPANY shall pay the cost for the training, one (1) night lodging and provide local transportation for LICENSEE or his representative during such training; however, all other expenses shall be the responsibility of the LICENSEE.

The COMPANY shall, upon request of LICENSEE, provide training of additional personnel at the COMPANY's National Headquarters at any reasonable time. LICENSEE shall be responsible for any travel, lodging, and other expenses incurred by LICENSEE's representatives who attend such training. Cost of such training shall be \$500 per day for up to two (2) persons. Additional persons may be included at an additional cost of \$100 per day, per person, with a maximum of four (4) persons for any one training class.

Any new LICENSEE's representatives, up to two people, purchasing a franchise from a prior LICENSEE must attend a minimum of five (5) days of training at company headquarters. Such training will be provided at \$500.00 per day for up to two (2) people. Additional persons at a cost of one hundred dollars (\$100.00) per day per person up to a

maximum of four (4) persons may attend the training at the COMPANY's discretion. All other expenses shall be the sole responsibility of the Licensee.

B. ASSISTANCE - The COMPANY shall provide the following assistance in addition to the training described in section III - A of this Agreement:

1. Within eight (8) weeks of the LICENSEE's initial training and start-up, the COMPANY will send a qualified representative to spend approximately five (5) days, but for a minimum of three (3) days, with the LICENSEE for the purpose of evaluating the LICENSEE's progress and to offer advice as may be required in all facets of the LICENSEE's operation. This on-location training is provided at no additional cost.

2. The COMPANY, from time to time at its discretion, will send qualified representatives to the LICENSEE's location for the purpose of advising the LICENSEE as may be required in all facets of the LICENSEE's business.

3. The COMPANY shall hold annual conferences for LICENSEES at times and places selected by the COMPANY, for the purpose of presenting and developing subjects of general interest to all of the COMPANY's LICENSEES. LICENSEE shall be given an opportunity to participate in the preparation of an Agenda for these conferences and will be notified of the time and location of the conferences and the availability and cost of accommodations in sufficient time to schedule and prepare to attend.

4. The COMPANY shall offer advice on technical, marketing, selling, organizational and other subjects related to the operation of a Sparkle Wash business as requested by LICENSEE at all reasonable times.

5. The COMPANY shall maintain an ordering system which will allow LICENSEE to place orders for parts, chemicals and accessories, twenty-four (24) hours per day, seven (7) days per week.

6. The COMPANY shall provide the LICENSEE with free access to its toll-free WATS line in order to assist in resolving questions that may occur during the start-up period.

7. The COMPANY shall publish, and, at no additional cost, provide each LICENSEE with periodic updates of new ideas and relevant information.

8. If the LICENSEE desires to sell the business and or any part thereof, the COMPANY shall have a right of first refusal to act as the exclusive sales agent of the LICENSEE for a period of six (6) months. The COMPANY will use its best efforts to assist and advise the LICENSEE in the preparation of advertisements, listings, and negotiations. The COMPANY's fee for the sale of the business and or any part thereof shall be ten percent (10%) of the selling price of the LICENSEE's business. It is payable in full by the LICENSEE to the COMPANY at the time of the first transfer of any funds to the LICENSEE

from such sale, assignment, or transfer, or at the transfer of ownership of the license, whichever occurs first.

9. The COMPANY shall provide the LICENSEE with the names and particulars of any potential source of business within the LICENSEE's territory which are obtained through the COMPANY's general advertising program or other COMPANY source.

C. ADVERTISING — All advertising material must be prepared by the COMPANY or approved by it prior to its use in any media. The COMPANY shall have certain advertising material available for the use of the LICENSEE and make it available to the LICENSEE. When the LICENSEE requests advertising material from the COMPANY that it does not have available, the COMPANY shall have it prepared or give the LICENSEE written permission to have it made elsewhere. Such advertising material supplied by the COMPANY shall be shipped to the LICENSEE upon payment of the LICENSEE's pro-rata cost of such material as determined by the COMPANY.

D. USE OF EQUIPMENT, CHEMICALS, TRADEMARKS, BUSINESS SYSTEM, TRADE SECRETS — Because of the importance of consistent quality, the COMPANY shall permit the LICENSEE to use its patented equipment and chemicals, marks, business system and trade secrets covered by this Agreement during the term thereof only so long as they are used in accordance with the procedures set forth in this Agreement and in the manuals and other written procedures of the COMPANY.

E. MANUALS — All manuals and other written material relating to the COMPANY's equipment, chemicals, business system, trade secrets, parts, operations, cleaning methods, business methods, and other matters are the sole property of the COMPANY and shall be loaned to the LICENSEE for the term of this Agreement. All such material shall be maintained in confidence by the LICENSEE, disclosed only to those employees who have a need to know the contents after the employee acknowledges in writing that the material is secret, and shall be returned to the COMPANY within ten (10) days from the expiration or termination of this Agreement. The LICENSEE shall not copy or disclose the written material without the written permission of the COMPANY. A charge shall be made for replacement of manuals or additional manuals after the first set. Such replacement or additional manuals are loaned and subject to the conditions of this paragraph.

The COMPANY may periodically update the written materials and forward the changes to the LICENSEE. The LICENSEE shall keep its material current. The COMPANY shall maintain a master file of written material which shall control in the case of any conflict.

F. COMPUTER SOFTWARE — COMPANY shall provide to LICENSEE one (1) single user license of QuickBooks Pro 2017 software, or a more recent version, that is customized for COMPANY's Sparkle Wash system. COMPANY shall install the QuickBooks software on LICENSEE's computer or computer system. In addition, COMPANY will install software on LICENSEE's computer or computer system that allows

COMPANY to collect financial information from LICENSEE on a daily basis. COMPANY agrees that use of any software installed on LICENSEE's computer or computer system shall not unreasonably interfere with LICENSEE's operation of its business.

G. WARRANTIES AND DISCLAIMERS — EXCEPT TO THE EXTENT SPECIFICALLY SET FORTH BELOW, THE COMPANY MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

1. THE COMPANY DISCLAIMS ANY WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE VEHICLE AND POWER GENERATING PLANT PORTIONS OF A MOBILE UNIT. THESE ITEMS CARRY SUCH WARRANTIES AS ARE PROVIDED BY THEIR MANUFACTURER FOR THE MODEL YEARS OF THE VEHICLE AND POWER GENERATING PLANT PURCHASED. LICENSEE ACKNOWLEDGES THAT ITS SOLE RECOURSE AS TO THESE ITEMS SHALL BE AGAINST THEIR MANUFACTURER.

2. THE SPARKLE WASH CLEANING EQUIPMENT CONTAINED WITHIN A MOBILE UNIT IS WARRANTED FOR A PERIOD OF NINETY (90) DAYS TO BE FREE OF FAULTY WORKMANSHIP AND MATERIALS ONLY. NO WARRANTY EXTENDS TO COVER EQUIPMENT FAILURE DUE TO LACK OF MAINTENANCE, MISUSE (INCLUDING USE OF UNAUTHORIZED CHEMICALS) OR NEGLIGENCE ON THE PART OF THE LICENSEE OR ITS EMPLOYEES OR OPERATORS. THIS WARRANTY EXTENDS ONLY TO THE REPLACEMENT OF SUCH PARTS AS ARE FOUND DEFECTIVE IN WORKMANSHIP OR MATERIALS DURING THE WARRANTY PERIOD AND DOES NOT COVER ANY COST OF LABOR FOR SUCH REPLACEMENTS.

3. IN THE EVENT THAT FOR ANY REASON THE LICENSEE'S VEHICLE CANNOT BE OPERATED OR FAILS TO PRODUCE THE LEVEL OF SALES RESULTS OR PROFITS CONTEMPLATED BY LICENSEE, THE COMPANY SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF INCOME OR BUSINESS.

H. UPDATES — The COMPANY shall keep the LICENSEE regularly advised of all changes in procedure, advertising, and technical advancements in the field known to the COMPANY and supply to the LICENSEE all advertising materials, sales aids, and literature normally supplied to any other "Sparkle Wash" LICENSEE at request of, or on order from the LICENSEE at prices charged all other LICENSEES who are parties to Agreements of this form.

#### IV. OBLIGATIONS OF LICENSEE

A. QUALITY CONTROL, CONSISTENCY — The LICENSEE understands the value, importance, and essential nature of the COMPANY's unique equipment, chemicals,

methods, marks and their associated goodwill in the success of the COMPANY's and the LICENSEE's business. The LICENSEE further understands that it is necessary to maintain the quality of the services offered under this Agreement, and that such quality can only be maintained by using only COMPANY products or COMPANY- approved products, operating the business and performing the services only in the manner recommended by the COMPANY. The LICENSEE understands that the COMPANY may from time to time change the equipment, material, methods, etc. in order to allow the COMPANY and/or the LICENSEE to compete better or offer better services.

B. In accordance with the LICENSEE's understanding, the LICENSEE agrees as follows:

1. EQUIPMENT, TRADEMARKS, SERVICE MARKS — LICENSEE shall not in any way alter, add to or modify its mobile unit(s) or related equipment or the appearance of the COMPANY's marks on the LICENSEE's mobile unit(s), stationery, literature, or advertising materials without the prior written consent of the COMPANY. LICENSEE shall display the name "Sparkle Wash" on its mobile units and other related equipment units approved by the COMPANY only in an authorized manner. LICENSEE shall state in a prominent place near its own name on its mobile unit(s), stationery, literature, and advertising materials the following statement: "Independently owned and operated; a franchise of Sparkle International, Inc." If any equipment is taken out of service or sold to someone other than another the COMPANY or other LICENSEE designated by the COMPANY, the LICENSEE must de-identify the vehicle.

2. ADVERTISING — Prior to using any advertising or promotional materials other than materials procured directly from the COMPANY, LICENSEE shall submit such materials to the COMPANY requesting approval. The COMPANY shall not unreasonably withhold its approval and shall provide its approval or rejection within ten (10) days of receipt of the proposed materials. Except in the case of a minor violation that can be immediately cured (as determined in Home Office's sole discretion), LICENSEE shall pay to COMPANY an amount of liquidated damages as deemed appropriate by COMPANY for any portion of any month LICENSEE displays any advertising that the COMPANY did not approve or is otherwise unauthorized. Imposition of such damages does not bar the COMPANY from seeking other remedies, including injunctive relief barring LICENSEE from its on-going advertising violations, assignment of LICENSEE's telephone number(s) to COMPANY, or other relief, up to and including termination of the Franchise Agreement.

LICENSEE further agrees to allow COMPANY to use LICENSEE's name or picture of LICENSEE including employees thereof at any time during this Agreement for the purpose of any publication, brochure or advertisement. THE COMPANY shall have the right to distribute and/or publish the Gross Sales of the LICENSEE without compensation or prior consent of LICENSEE.

3. COMPETITOR'S SERVICE MARKS AND TRADEMARKS — LICENSEE shall notify the COMPANY immediately of any use in LICENSEE's TERRITORY of marks



confusingly similar to those employed by the COMPANY and agrees to take no action of any kind with respect thereto without written authorization of the COMPANY.

4. PROCEDURES — LICENSEE shall follow all of the procedures of the COMPANY in the Manuals and other written material in conducting its business, and in particular in performing the treating services anticipated in this Agreement.

5. MAINTENANCE OF PREMISES AND EQUIPMENT — LICENSEE shall maintain its business premises, mobile unit(s) and equipment in an orderly and clean manner consistent with the COMPANY's rules and the image of cleanliness and service the COMPANY has established. Any business premises maintained by the LICENSEE other than his home shall be approved prior to entering into any legal obligation concerning it. Application shall be in writing on forms provided by the COMPANY. The COMPANY shall respond to such application within thirty (30) days of receipt, and approval will not be unreasonably withheld.

6. UNIFORMS — LICENSEE's employees shall wear COMPANY- approved uniforms, be neat, well-groomed, and of reputation and demeanor consistent with the image of cleanliness and service the COMPANY has established.

7. NATIONAL CONTRACTS — The LICENSEE acknowledges that it is in the best interest of the COMPANY and the LICENSEES as a group if the COMPANY can negotiate national contracts. Accordingly, the LICENSEE hereby grants to the COMPANY its permission and limited power of attorney to represent it in negotiations with national accounts. Upon agreement by the COMPANY to a national account, the LICENSEE agrees to be bound by the terms and conditions of the Agreement and to service the national contract in its TERRITORY on the terms and conditions negotiated by the COMPANY. Such terms and conditions must be reasonable, and shall permit a minimum gross margin of twenty percent (20%) to the LICENSEE after an administrative charge by the COMPANY. Gross margin is defined as Net Sales less the variable costs of material, labor, and overhead directly attributed to the sale using generally accepted accounting procedures. LICENSEE agrees that COMPANY may take a commission for negotiating and signing a national contract for the LICENSEE. The commission shall be deducted before computing the Net Sales.

8. MANAGEMENT/BEST EFFORTS — LICENSEE shall devote LICENSEE's best efforts to the promotion, advancement, and control of the licensed business. In the event LICENSEE's involvement is not full time, LICENSEE agrees to provide a fully-trained, full-time manager responsible for the promotion, advancement and control of the licensed business.

9. INDEMNITY — In the event a claim, suit, action or proceeding is for any reason instituted by or against LICENSEE arising out of or in connection with LICENSEE's business, LICENSEE agrees to immediately provide the COMPANY with copies of letters and/or processes pertaining to same and to continually keep the

COMPANY informed regarding the progress and outcome of said claims, suits, actions or proceedings. LICENSEE agrees to defend at their own cost and to indemnify and hold COMPANY, its affiliates and its predecessor, sister or co-branding companies, their shareholders, directors, officers, members, employees, agents and their spouses, harmless from and against any and all loss, costs, expenses (including attorneys' fees), damages and liabilities arising out of LICENSEE's negligence, failure to maintain or repair, breach of contract or other civil wrong, resulting directly or indirectly from or pertaining to the use, condition, equipping, maintenance or operation of your wash truck/unit, including the preparation and sale of any product or service made or sold out of your mobile wash unit. Such loss, claims, costs, expenses, damages and liabilities will include, without limitation, those arising from latent or other defects in the trucks, units and equipment, whether or not discoverable by COMPANY, and those arising from the death or injury to any person or arising from damage to your or our property, our agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through our active or passive negligence or any of our agents or employees or resulted from any strict liability imposed on COMPANY or any of our employees.

LICENSEE will indemnify and hold COMPANY and its affiliates and its predecessor, sister or co-branding companies free and harmless from and against any and all reasonable attorneys' fees, liabilities, expenses, claims, demands, actions or causes of action which may be incurred by or threatened against COMPANY or its affiliates and arising out of

- (i) the LICENSEE's operation of the Franchised Business, or
- (ii) any transaction between LICENSEE and any third party.

10. PURCHASES FROM APPROVED SOURCES — LICENSEE is required to purchase all of its requirements of CHEMICALS and EQUIPMENT from the COMPANY. LICENSEE shall purchase parts and accessories including uniforms from the COMPANY, or from COMPANY-approved suppliers in order to retain the right to operate as a Sparkle Wash LICENSEE. Such suppliers' parts and/or accessories must conform with the COMPANY's standards. Prior to utilizing any products purchased from sources other than the COMPANY or its approved suppliers, the LICENSEE shall submit, on forms provided by the COMPANY, any and all information and a fee to cover the COMPANY's directly related expenses, which shall permit the COMPANY to make a sound judgment pertaining to the quality and safety of the product. Information required shall include but not be limited to the supplier's name and address, the manufacturer's name and address, the complete description of the part or accessories and the generic name for such products. The COMPANY will approve all purchases that meet or exceed the COMPANY's standards. The COMPANY shall give approval or rejection within sixty (60) days of the receipt of complete information from the LICENSEE.

No representation of the COMPANY with respect to performance standards and results

shall be operative unless COMPANY's equipment, chemicals or its approved parts and accessories are used.

The equipment and chemicals supplied by the COMPANY are designed to be employed only in the manner prescribed by the COMPANY in the Equipment Operating Procedures and Chemical Use section of the Sparkle Wash Equipment Operating Procedures Manual provided to the LICENSEE.

11. INSURANCE — The LICENSEE shall maintain in force at all times during the term of this Agreement comprehensive general liability insurance, including products and completed operations, the limits of which shall not be less than One Million Dollars (\$1,000,000) single limit for bodily injury, personal injury, and property damage combined, or an amount the COMPANY may specify if it deems it necessary. Additional insurance also shall be maintained in like limits by LICENSEE covering liability arising from operation, ownership or maintenance of each mobile unit, inclusive of auto liability insurance complying with the minimum requirements required in each State where LICENSEE operates. Each mobile unit shall be insured for collision and comprehensive hazards in an amount no less than the actual cash value of such mobile unit. The equipment contained in such units shall be insured on a replacement cost basis for full current value to replace new with like-kind and quality. ~~The COMPANY and its authorized representatives, employees, agents and the like shall be named as an additional named insured with LICENSEE on all policies of insurance, and such policies shall provide that the COMPANY will be notified in writing at least thirty (30) days prior to the cancellation or other material change of such policies. The additional insured coverage must be provided on an Additional Insured Grantor of Franchise Endorsement for CG2029 or an endorsement form with comparable wording acceptable to the COMPANY. All policies of insurance maintained by the LICENSEE shall specify that coverage responds to the COMPANY on a primary and non-contributory basis. LICENSEES shall furnish to the COMPANY, immediately upon receipt, duly executed copies of all insurance policies and renewal notices and notices of changes in coverage, and shall be solely responsible for the entire cost of such insurance. If LICENSEE fails to obtain the specified insurance, the COMPANY may obtain such insurance and charge the premiums and any other related expenses to the LICENSEE, which shall be promptly paid.~~

12. COMPANY'S RIGHT TO REPURCHASE — The LICENSEE grants to the COMPANY, at no additional cost, the first right and option to purchase the license granted under this Agreement in the event the LICENSEE elects to sell the same, and the same rights and options relative to the equipment used in the LICENSEE's business if the LICENSEE elects to sell the same, whether due to non-renewal or termination, or otherwise. The purchase price shall be the same price at which the license and/or equipment is being offered for sale by the LICENSEE to any bona fide purchaser.

13. FULL LINE OF SERVICES — The LICENSEE shall offer the full line of services and products which the COMPANY shall from time to time prescribe, including additions and deletions, and no other services or products under the marks of the

COMPANY without the prior written approval of the COMPANY.

14. PAYMENT TO VENDORS — The LICENSEE shall pay all of its bills when due so that the reputation and credit rating of the LICENSEE and COMPANY are not damaged. In particular, prompt payment of any financing payments, or lease payments for the mobile units, telephone and advertising shall be made. This clause shall not apply during the term of a good faith contest of a bill or payment.

15. ACCESS AND COMPLIANCE — LICENSEE shall permit the COMPANY, its agents or employees, at any reasonable time to have access to and inspect its records, equipment, premises, chemicals, methods, and any item, service, or matter connected with its business. Samples of chemicals and other materials of a quantity or size large enough to be tested may be removed from the LICENSEE's premises without payment. The LICENSEE shall pay the cost of the testing if such sample has not been approved by the COMPANY or does not meet its specifications. LICENSEE shall ship an original copy, photograph, or sample, as may be applicable, of LICENSEE's records, equipment, premises, chemicals, and other matters relating to its business to the COMPANY at the COMPANY's request.

The COMPANY shall give notice to the LICENSEE of any materials, equipment, services, or practices that are in violation of the COMPANY's then current practices and standards. If the LICENSEE does not conform promptly to such practices or standards, then the COMPANY may at its option, instead of termination or cancellation of exclusivity, remove, replace, repair, or remodel such item at the expense of the LICENSEE. The COMPANY shall bill the LICENSEE for such expense and the LICENSEE shall pay the bill on or before the next due royalty payment.

If an examination of the LICENSEE's records shows a discrepancy of more than two percent (2%) in understating the royalties due, then LICENSEE shall pay the cost of the examination and the penalty and interest stated in paragraph II(D)3.

In further connection with any such examination, the LICENSEE will execute IRS Form 4506, or other similar form, authorizing COMPANY to obtain the applicable tax returns of the LICENSEE, at the request of COMPANY. The LICENSEE shall, at its expense, submit to COMPANY upon request, within ninety (90) days after request, a complete financial statement for the preceding calendar year, including both a profit and loss statement and a balance sheet certified by an independent public accountant, all federal, state or other tax returns, together with such other information in such form as COMPANY may reasonably require.

16. SERVICE MARK, TRADEMARK AND PATENT VALIDITY AND INFRINGEMENT — During the term of this Agreement and thereafter, the LICENSEE shall not infringe the COMPANY's marks or patents by their unauthorized use outside the scope of this Agreement, and the LICENSEE shall not challenge or aid in a challenge of the validity of the COMPANY's marks or patents.

17. GOODWILL OF SERVICE MARKS AND TRADEMARKS — The LICENSEE agrees that all goodwill associated with the COMPANY's marks and the LICENSEE's business conducted under such marks is the sole property of the COMPANY. Upon expiration or termination of this Agreement for any reason, no monies are payable to the LICENSEE for the goodwill associated with the LICENSEE's business or activities.

18. TELEPHONE AND ADVERTISING — LICENSEE shall maintain a business telephone listing under the name of Sparkle Wash, or as the COMPANY may otherwise direct or agree to in writing. LICENSEE shall use this telephone number in print and online marketing, or as otherwise requested by the COMPANY. Upon expiration or termination of this Agreement for any reason, the telephone listings and numbers and advertisements shall immediately become the sole property of the COMPANY, and the LICENSEE shall immediately cease all use of such telephone number(s). The COMPANY shall be responsible for any fees for the telephone or listings incurred after the expiration or termination if the COMPANY wants to continue use of the telephone number.

LICENSEE shall utilize the Sparkle Wash web template throughout the duration of the AGREEMENT. LICENSEE shall maintain a Google Adwords campaign having a minimum of a \$300 per month budget during the first 12 months of operation.

19. INTERNET SERVICE – LICENSEE shall contract with an ISP (Internet Service Provider) for a high-speed internet connection where available. LICENSEE shall use this internet connection to set up an e-mail address for maintaining electronic communication with COMPANY, or as otherwise requested by COMPANY. Upon expiration or termination of this Agreement for any reason, the internet connection and e-mail address shall immediately become the sole property of the COMPANY, and the LICENSEE shall immediately cease all use of such internet connection. The COMPANY shall be responsible for any fees for the internet connection incurred after the expiration or termination if the COMPANY wants to continue use of the internet connection.

With the signing of this Agreement and any time thereafter, as COMPANY requests, LICENSEE will sign an assignment of the internet domain name(s) and e-mail address(es) used by LICENSEE's business. The assignment provides that the assignment of the internet domain name(s) and e-mail address(es) is effective upon the expiration without renewal, or termination of this Agreement, or upon the transfer of the franchise to a third party where the internet domain name(s) and/or e-mail address(es) are not assigned to the third party.

20. COMPUTER USE / ACCESS – LICENSEE shall use a computer in the operation of its Sparkle Wash franchise. LICENSEE shall use the accounting software, including QuickBooks or any other software, provided by the COMPANY for installation on LICENSEE's computer or computer system. The LICENSEE shall record all sales, income and expenses in QuickBooks in accordance with Generally Accepted Accounting Principles ("GAAP"). The LICENSEE shall upgrade the QuickBooks software as necessary and such that the version of the QuickBooks software used to report accounting information is not more than 2 years prior to the calendar year for which accounting information is recorded. For example, QuickBooks 2014 cannot be used to record accounting information for the 2017 calendar year because the 2014 version is more than 2 years prior to 2017.

In addition, LICENSEE shall allow COMPANY to install software on LICENSEE's computer or computer system that allows COMPANY to collect financial information from LICENSEE on a daily basis. LICENSEE shall allow such software to run on the LICNESEE's computer or computer system on at least a daily basis without interference such that COMPANY can reasonably access financial information on LICENSEE's computer or computer system.

21. BUSINESS HOURS — LICENSEES shall be available to conduct business and have the business telephone answered at least between the hours of 8:00 A.M. and 5:00 P.M. except Sundays and holidays. If necessary to service national or other accounts, LICENSEE shall be available to conduct business past 5:00 P.M. or before 8:00 A.M.

22. CONFIDENTIALITY - LICENSEE acknowledges and agrees that the information and methods of operation that are divulged by the COMPANY to LICENSEE hereunder are and shall be treated as confidential and are for the sole and exclusive use of LICENSEE only during the term of this Agreement in the operation of the licensed business but not thereafter or elsewhere, or for any other purpose.

LICENSEE agrees not to copy such confidential material or divulge such material directly or indirectly to any other person at any time except as may be necessary to employees of LICENSEE.

LICENSEE agrees to obtain a signed confidentiality agreement from each of LICENSEE's employees in which the employee acknowledges and agrees that the information and methods of operation that are divulged to the employee in the course of his employment by the LICENSEE shall be treated as confidential, and shall not be copied or divulged, either directly or indirectly, by the employee to any other person at any time except as may be necessary in the course of employee's employment by LICENSEE.

23. NON-COMPETITION — LICENSEE shall not manufacture or sell, and shall not have any financial interest in, consult with, be an employee of, or own any part of any other entity that manufactures or sells chemicals, mobile, stationary or portable cleaning units, equipment, parts or accessories, or be in the service business of treating

property, or provide any other product or service in competition with the COMPANY or its LICENSEES during the period of this Agreement and any later agreements and for a period of one (1) year after the expiration or termination of any such agreements, except with the express written consent of the COMPANY.

24. NON-COMPETITION ALTERNATE — During the period of this Agreement, and for a period of one (1) year following expiration or termination, LICENSEE shall not compete as set forth in paragraph IV-B-23. If such provision is held unenforceable or invalid, or if the COMPANY chooses not to enforce the non-competition clause, and LICENSEE competes in the manner stated in IV-B-23, the LICENSEE shall pay the COMPANY the minimum royalties set in paragraph II for a period of two (2) years or actual damages, whichever is greater.

25. COMPLIANCE WITH LAWS AND REGULATIONS — The LICENSEE shall be responsible for compliance with applicable federal, state, county, municipal or other governmental laws, ordinances and regulations currently in effect or which may be enacted in the future regarding the conduct of the LICENSEE's business. All licenses, registrations, permits, and the like, and fees connected therewith, shall be made, applied for, or paid, as the case may be, by the LICENSEE. The COMPANY shall in no way be held liable for damages or loss of revenues resulting from the LICENSEE's compliance or failure to comply.

26. TAXES — The LICENSEE shall pay to the COMPANY promptly and when due the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected, or paid by LICENSEE on the account of services or goods furnished by the COMPANY to LICENSEE through sale, lease or otherwise, or on account of collection by the COMPANY of the License Fee, the Equipment Purchase, the Royalty Fees, as described in paragraphs II(a-c), or any other payments to the COMPANY called for by the LICENSEE, including but not limited to the sale of chemicals, parts or equipment.

In addition, LICENSEE shall pay in whole to the COMPANY any taxes imposed on the COMPANY for having Franchise operations located in the State or States for which the LICENSEE operates its Franchise, excluding the State of Ohio. In the event there is more than one LICENSEE operating in the applicable State or States, the tax imposed on the COMPANY for having Franchise operations in such State or States shall be equally divided among all LICENSEES operating in the applicable State or States.

27. ATTENDANCE AT ANNUAL MEETING — The LICENSEE shall attend the COMPANY's annual meeting in the LICENSEE's first year of operation.

## V. TRANSFER OF LICENSE

A. SALE OR ASSIGNMENT — The license granted to LICENSEE hereunder and

the equipment utilized by LICENSEE in his business may be sold, transferred or assigned (subject to paragraph IV(B)12) only with the prior written consent of the COMPANY to any such sale, transfer or assignment. Subject to paragraph I(A), any sale, transfer or assignment of the license granted to LICENSEE hereunder and the equipment utilized by LICENSEE in his business shall carry and be marketed under the licensed name of SPARKLE WASH OF \_\_\_\_\_. The licensed name may be changed only with the prior written consent of the COMPANY and any such change in the licensed name shall include "SPARKLE WASH."

In the event that a sale or other transfer relates to the license granted hereunder, written approval of the proposed purchaser by the COMPANY may be conditional upon satisfactory evidence that the proposed purchaser has a satisfactory credit rating, is of good moral character, and has business qualifications (all reasonably satisfactory to the COMPANY) and acceptance and execution by the prospective purchaser of the most recent Purchase and License Agreement then in use by the COMPANY; provided, however, that no license fee shall be payable to the COMPANY as required by paragraph II. In the event that such a sale or other transfer of LICENSEE's license to a third party is consummated, the COMPANY shall receive a transfer fee of Five Thousand Dollars (\$5,000) as and for partial reimbursement of the COMPANY's expenses. The assignment shall only be effective at such time as the COMPANY and the other creditors, including governmental agencies of the LICENSEE, have received all payments then due by the LICENSEE and all documents properly executed by the LICENSEE and purchaser. Such written approval shall not be unreasonably withheld and said approval shall be given by the COMPANY within ten (10) days of such request. In the event of the death of the LICENSEE, the license granted under this Agreement shall pass automatically to the heirs of the LICENSEE, if LICENSEE is a natural person and meets the other qualifications of the COMPANY of financial and managerial competency.

In the event that a proposed sale or other transfer of LICENSEE's license is consummated, the COMPANY shall provide, and the new LICENSEE must attend training as stated in Paragraph III; however, the cost of any start-up material shall be borne by the new LICENSEE.

B. TRANSFER TO COMPETITOR PROHIBITED - The LICENSEE will not sell, assign or transfer this Agreement, any interest in the LICENSEE or the Franchised Business, or any assets or accounts of the LICENSEE or the Franchised Business, to any person, partnership, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any business that is in any way competitive with COMPANY or the Franchised Business. If COMPANY refuses to permit a transfer or assignment based upon this provision, the Franchisee's only remedy will be to have a court of competent jurisdiction determine whether the proposed transferee is a competitor of COMPANY.

C. TERMINATION OR ALTERATION



1. BASIS — LICENSEE shall have the right to terminate this Agreement by giving the COMPANY not less than one hundred twenty (120) days' prior written notice, provided that such termination shall not affect any of the rights, duties, and obligations of the parties hereunder intended to survive such termination. The COMPANY shall have the right to terminate this Agreement and the license granted hereunder, or operate COMPANY equipment in the TERRITORY or to make the TERRITORY smaller, upon notice in writing to LICENSEE mailed to the address set forth at the beginning of this Agreement upon occurrence of any of the following: should LICENSEE be declared insolvent or bankrupt, or make an assignment for the benefit of creditors, or in the event a receiver is appointed or any proceeding is demanded by, for or against LICENSEE under any provision of the Federal Bankruptcy Act or any amendment thereof; should LICENSEE default in the performance of any agreement or obligation made hereunder and such default shall not be remedied to the COMPANY's reasonable satisfaction within thirty (30) days, or such minimum period as may be required by law, whichever is longer, after receipt of written notice thereof.

Unless expressly prohibited by state law, immediate termination of the Agreement without notice may be declared by the COMPANY if the LICENSEE ceases doing business for a period of five (5) working days without prior written approval of the COMPANY or assigns, or attempts to assign the rights under this Agreement without complying with Clause V, or commits fraud or misrepresentation in the procurement or performance of this Agreement or the operation of the business or fails on three (3) or more occasions to comply with any material provisions of this Agreement or any other COMPANY Agreement, whether or not such failures to comply are cured after written notice thereof to LICENSEE.

Upon termination of the franchise for any reason, the Franchisee is not permitted to compete with Sparkle Wash in the sale of equipment, parts, and chemicals, or to work in the power, mobile cleaning, waxing, and restoration or in the sale of portable/stationary equipment or in the operation of a stationary wash business for a period of one (1) year following termination. The same restrictions apply during the term of the License. If such non-competition is unenforceable or if the COMPANY so chooses, then the LICENSEE will pay the COMPANY the minimum stated royalties for a 2-year period after termination or actual damages, whichever is greater, if the LICENSEE competes with the COMPANY, or until such time as the COMPANY sells a new franchise in the same territory, whichever is shorter.

2. PAYMENTS — In the event that the COMPANY elects to furnish written notice of termination, the license granted and all of the COMPANY's obligations hereunder shall thereupon be deemed to be canceled and terminated, except that no such cancellation or termination shall affect or impair the right of the COMPANY to demand, collect, or enforce any or all of its rights to performance by LICENSEE of LICENSEE's obligations hereunder, including but not limited to the payment in full of all sums due the COMPANY hereunder. All amounts due to the COMPANY by the LICENSEE are immediately payable upon notice of termination.

3. DISCONTINUED SERVICE MARK AND TRADEMARK — Upon termination of this Agreement, LICENSEE forfeits the rights under Paragraph I and shall immediately discontinue use of the marks, telephone listings, signs and other forms of advertising or identification indicative of "Sparkle Wash," or any name or mark confusingly similar thereto. Proof of the above requirements must be provided to the COMPANY.

LICENSEE shall further not represent to the public its previous association with the COMPANY as a former COMPANY LICENSEE.

4. MANUAL AND OTHER LITERATURE — Upon termination, LICENSEE shall immediately return the COMPANY's manuals and other literature, and all copies thereof, including without limitation its advertising material, any business procedures, whether or not the literature is secret or contains proprietary material.

5. COSTS OF TERMINATION — LICENSEE shall pay to the COMPANY the costs of termination, including without limitation expenses and attorneys' fees incurred in enforcing the terms of termination and obtaining any injunction or damages.

## VI. MISCELLANEOUS

A. MEDIATION AND ARBITRATION — All controversies, claims, disputes, and matters in question arising out of or relating to this Agreement, or with respect to a breach thereof, may be decided by arbitration or court action in accordance with provisions of this Paragraph VI(A) at the option of the party's bringing the action. The party who seeks resolution of a controversy, claim, dispute, or other matter in question shall notify the other party in writing of the existence and subject matter thereof, and shall designate in such notice the names of three (3) prospective arbitrators with the proper background and training for the conflict. The parties bringing a court action agree that the suit will be brought in Cleveland, Ohio, and agree to Cleveland, Ohio as the proper venue for the suit, and agree to the jurisdiction of the courts in Cleveland, Ohio. LICENSEE also agrees to pay all reasonable attorney fees.

The dispute shall be decided by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association but such arbitration need not be under the American Arbitration Association. It may be conducted separately unless such parties cannot agree on an arbitrator. In such cases, the arbitration shall be conducted under the American Arbitration Association. Either party may apply to the American Arbitration Association for a determination of the dispute as set forth in the notification thereof by the originating party. The parties agree that the arbitration shall take place in Cleveland, Ohio and shall be governed by the laws of the United States and the State of Ohio and shall be final; and judgment may be entered upon it in accordance with applicable law by any court having jurisdiction thereof. The fees and expenses of mediators and/or arbitrators shall be shared equally by LICENSEE and the COMPANY. If one party applies for arbitration and the other party does not respond to the arbitration or cooperate therewith within 30 days, the party applying for arbitration may in its sole discretion stop the arbitration proceeding

and go directly to the appropriate court as if this arbitration provision did not exist. Such suit will be brought in Cleveland, Ohio and the parties agree to Cleveland, Ohio as the proper venue for the suit and agree to the jurisdictions of the Courts in Cleveland, Ohio. Licensee also agrees to pay all reasonable attorney fees.

The LICENSEE hereby irrevocably constitutes and appoints the Secretary of State of \_\_\_\_\_ as LICENSEE's agent to receive service of process or other proper notification relating to any disputes under this Agreement.

B. INDEPENDENT CONTRACTOR — The LICENSEE is an independent operator and contractor, and is not an agent of the COMPANY. The LICENSEE shall not have the right to bind the COMPANY, transact any business in the COMPANY's name, or in any way make any promises or representations on behalf of the COMPANY, other than as herein set forth. LICENSEE agrees to indemnify and save the COMPANY harmless from any manner of suits, claims or demands arising out of the LICENSEE's activities, and to reimburse the COMPANY for any and all costs, damages and expenses, including reasonable attorneys' fees, which the COMPANY may pay by reason of LICENSEE's activities. This paragraph shall not be construed to void or limit any of the other rights granted to the COMPANY or duties assumed by LICENSEE pursuant to this Agreement.

The COMPANY shall have no responsibility whatever in connection with ownership or leasing or other acquisition of interest in real or personal property by the LICENSEE, other than that expressly covered in this Agreement.

C. CONTRACTS OF LICENSEE — All contracts or Agreements entered into between the LICENSEE and its customers shall be the sole responsibility of the LICENSEE, and the COMPANY shall have no legal responsibility in said Agreements.

D. LICENSEE'S EMPLOYEES — The supervision and training of all LICENSEE's employees is the sole responsibility of the LICENSEE. The COMPANY shall not be held liable for any damage or injuries resulting from negligence or misuse of chemicals or equipment by LICENSEE or LICENSEE's employees.

E. ENFORCEABILITY — The fact that the COMPANY fails to enforce any one or more of the provisions of this Agreement shall not affect or impair its right to enforce those provisions or any other provisions hereof at any time in the future. The various titles of the paragraphs herein are used solely for convenience, and shall not be used for interpreting or construing any word, clause, paragraph, or subparagraph of this Agreement.

F. NON-ASSIGNABILITY — The rights herein granted shall not be applied, extended, or assigned, directly or indirectly, to other business, enterprise, individuals, or corporation without the express written consent of the COMPANY. This clause includes without limitation the sale, assignment, or transfer of any or all of the LICENSEE's stock or a partnership interest in LICENSEE without the express written consent of the COMPANY. The stock certificates of the LICENSEE shall bear the legend "This stock cannot be

transferred without the permission of Sparkle International, Inc."

G. OHIO LAW— This Agreement shall be construed in accordance with the laws of the State of Ohio without giving effect to the principles of conflicts of law.

H. ENTIRE AGREEMENT, INVALID PROVISION— The foregoing constitutes the entire Agreement of the parties, and shall not be modified except by an instrument in writing signed by both parties. In the event that any provision herein contained is found to be invalid or unenforceable, the invalidity or unenforceability of such provision shall in no way affect the remaining provisions of this Agreement, all of which remaining provisions shall continue in full force and effect. No representations in this Agreement or any attached schedules are intended to disclaim any representations made in the Franchise Disclosure Document.

I. PERSONAL RESPONSIBILITY OF SHAREHOLDERS OR PARTNERS — As used herein, the term "LICENSEE" shall personally include any and all shareholders, general partners, limited partners, directors, officers, and employees for the purpose of clauses II(A) (LICENSE FEE), II(B) (EQUIPMENT PURCHASE), II(C) (ROYALTIES), IV(B)20 (CONFIDENTIALITY), IV(B) 21, 22, (NON-COMPETITION), V(A) (TRANSFERS), and VI(F) (NON-ASSIGNABILITY).

## VII. ACKNOWLEDGMENTS OF LICENSEE

FRANCHISE DISCLOSURE DOCUMENT — LICENSEE acknowledges the receipt of the COMPANY's Franchise Disclosure Document (FDD) and the License Agreement more than ten (10) business days before payment of any money or execution of any Agreement with the COMPANY. LICENSEE also acknowledges that he (she) reviewed and understood the FDD, and that no representations were made contrary to the FDD.

RISKS — LICENSEE acknowledges that there are risks in the business and that no express or implied promises were made about the income or sales of the business.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement:

LICENSEE: \_\_\_\_\_

COMPANY: SPARKLE INTERNATIONAL, INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

(personally and, if applicable, for entity LICENSEE)

Title: LICENSEE, OWNER

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Address: 7599 First Place  
Oakwood, OH 44146

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Rev 06/29/20

## EXHIBIT E

### CONFIDENTIALITY AGREEMENT

In consideration of Sparkle International, Inc. permitting me, personally and in my official capacity to view the manuals of Sparkle International, Inc. and disclosing or making available to me certain confidential information. And in order to protect all property rights of Sparkle International, Inc. in know how, engineering techniques, and data, knowledge, and information relating to its operations and products, I hereby agree with Sparkle International, Inc. and myself and for my employer or principal as follows:

(1) I will keep confidential all information acquired by me from Sparkle International, Inc. which was not previously known to me from other sources or which has not been previously disclosed in published papers, literature, or patents. However, information shall not be deemed to have been known to me merely because it is embraced by more general information previously known to me or merely because it is expressed in publications or patents in general terms not specifically including information acquired by me from Sparkle International, Inc.

(2) I will not discuss, use, disclose, reproduce, or dispose of, without permission in writing from Sparkle International, Inc. any knowledge, data, or information acquired by me by virtue of this agreement. I may, however, disclose this information to my employer or principal for evaluation purposes only and subject to the same secrecy conditions as set forth in this agreement.

(3) In respect to each item of knowledge, data, or information acquired by me by virtue of this agreement, and which I have undertaken not to disclose, this agreement shall continue in force and effect until such time as such item has become generally known, or until permission is specifically granted to me in writing by Sparkle International, Inc. to release or make use of such item.

IN WITNESS WHEREOF I have hereunto set my hand, this \_\_\_\_\_ day of  
\_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
FRANCHISEE PROSPECT CANDIDATE

**EXHIBIT F**

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**LIST OF CURRENT SPARKLE WASH FRANCHISEES**

**REVISED June 2023**

State	Franchise Name & Contact(s)	Contact & Contact Information
Alabama	SW North Alabama Chad Watson	285 Toney Acres Drive Toney, AL 35773 256-270-3318
California	SW Placer County Mark Sherer	10161 Mt. Vernon Rd. Auburn, CA 95603 530-401-8441
Indiana	SW Central Indiana Don Golden	13662 Thistlewood Drive E Carmel, IN 46032 317-810-1205
Iowa	SW Tri-State Valley Aaron Lien  Transferred from Dale Smith	PO Box 193 Ossian, IA 52161 563-382-6151
Maryland	SW Delmarva Peninsula Gary Minner	5922 Dunbar Terrace P.O. Box 1152 Salisbury, MD 21802 410-749-0752
Massachusetts	SW Essex County Daniel Martin	2 Lupine Avenue Methuen, MA 01844 978-687-5370
Michigan	SW Eastern Michigan Chuck Corry	4116 N. River Road Ft. Gratiot, MI 48059 810-987-2571
Ohio	SW Cuyahoga County Tim Khayat  Transfer from Michael Klavora	7599 First Place Cleveland, OH 44146 440-374-0570
Ohio	SW Lima Nick Starr	P.O. Box 5092 Lima, OH 45802 419-331-9274
Ohio	SW Cincinnati Pat Baker	2116 Natchez Trace Batavia, OH 45103 513-718-8255



State	Franchise Name & Contact(s)	Contact & Contact Information
<b>Oregon</b>	SW Lane County Ken Reiling	P.O. Box 70636 Eugene, OR 97401 541-505-9622
<b>Pennsylvania</b>	SW Berks County Teddy Geurds  Transferred from Pete Conlin	1114 E. Main Street Douglassville, PA 19518 610-856-1002
<b>Pennsylvania</b>	SW Susquehanna John Lane	3 South 40 <sup>th</sup> Street Camp Hill, PA 17011 717-737-3293
<b>Pennsylvania</b>	SW St. Mary's Richard Sadley	326 Center Street St. Mary's, PA 15857 814-834-2321
<b>Pennsylvania</b>	SW York County Kevin Luttmann  Transfer from Lou Lavetan	104 Lloyds Lane Wrightsville, PA 17368 717-851-1036
<b>South Carolina</b>	SW Upstate Mark Higdon	677 S. Morningwood Lane Duncan, SC 29334 765-714-3631
<b>Tennessee</b>	SW Nashville Blake Hulett	440 Coburn Lane Franklin, TN 37069 615-495-1986
	SW Middle Tennessee Jacob Shumaker	633 Henry Lane Nashville, TN 37211 615-250-7866
<b>Texas</b>	SW Woodlands Greg Goedeke	395 Sawdust Road, #2018 The Woodlands, TX 77380 832-458-2575
<b>Texas</b>	SW Texarkana Steve Shine	984 County Road 2213 Texarkana, TX 75503 903-832-0950

State	Franchise Name & Contact(s)	Contact & Contact Information
Virginia	SW of Central Virginia Chad Stambaugh	P.O. Box 3736 Richmond, VA 23235 804-257-7003
Virginia	SW Delmarva Peninsula Gary Minner	5922 Dunbar Terrace P.O. Box 1152 Salisbury, MD 21802 410-749-0752
Washington	SW Puget Sound James and Dana Pace	2832 170 <sup>th</sup> Street NW Lynnwood, WA 98037 425-220-7505
West Virginia	SW North Central WV Brooks Barker  Transfer from Alan Fluharty	141 Gilboa Road Fairmont, WV 26554 304-367-0818
Wisconsin	SW Eau Claire Nick Gardow	P.O. Box 2214 Eau Claire, WI 54702 715-832-4270
Wisconsin	SW Fox Valley Shawn and Artie Gold	545 N. Pioneer Road Fond Du Lac, WI 54935 920-923-3044
Wisconsin	SW East Wisconsin Steven Schaefer	955 South Avenue Lomira, WI 53048-9530 920-269-4520
Wisconsin	SW by Kaminski & Son Jeramie Kaminski	P.O. Box 34 Merril, WI 54452 715-536-6977
Wisconsin	SW Central State Washing Patrick Zettler	PO Box 1145 Wausau, WI 54402 715-432-6926
China	SW of China Ivan Tsou	813 Nautilus Trail Aurora, OH 44202 440-552-5596

State	Franchise Name & Contact(s)	Contact & Contact Information
Japan	Sparkle Wash of Japan Kyoichi Yamaguchi	ShinjukuMitsuiBldg,45F/2-1- 1NishiShinjuku Shinjuku-ku Tokyo 163-0445
Taiwan	Sparkle Wash of Taiwan Max Lin	10th Floor, No. 176 Minsheng East Rd., Section 2 Taipei, Taiwan ROC 10480

**EXHIBIT G**

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**LIST OF VOLUNTARY WITHDRAWAL OR TERMINATED**

**SPARKLE WASH FRANCHISEES**

**REVISED June 2023**

State	Franchise Name & Contact(s)	Contact & Contact Information
New York	SW Southern Tier Gary Grunder & Eric Grunder	P.O. Box 268 Port Crane, NY 13833-0268 607-648-5649
North Carolina	SW Charlotte Chris Earll & Jeff Schrader	6230 Pleasant Grove Road Charlotte, NC 28216-1434 704-393-7773
Pennsylvania	SW Southern Tier Gary Grunder & Eric Grunder	P.O. Box 268 Port Crane, NY 13833-0268 607-648-5649
Rhode Island	SW New England Chris Neil	PO Box 3306 Narragansett, RI 02882 401-500-5120
Wisconsin	SW Central State Washing Scott Karlen  Transfer to Patrick Zettler	761 County Road U Edgar, WI 54426 715-443-2468

**EXHIBIT H**

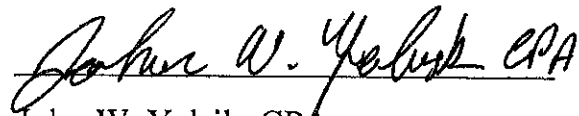
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**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, 2019**

CONSENT OF ACCOUNTANT

John W. Yelsik, CPA consents to the use in the Franchise Disclosure Document issued by Sparkle International, Inc. ("Franchisor") and Subsidiary on June 21, 2023 as it may be amended, of our report dated June 21, 2023 relating to the financial statements of Franchisor for the periods ending December 31, 2022, 2021 and 2020.

Date: June 21, 2023

  
John W. Yelsik, CPA

**Sparkle International, Inc. and Subsidiary**

Audited Financial Statements

With Supplementary Information

For the Years Ended December 31, 2022, 2021 and 2020

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## Sparkle International, Inc. and Subsidiary

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INDEPENDENT AUDITOR'S REPORT

1110 Euclid Avenue, Suite 201  
Cleveland, Ohio 44115  
Phone: 216.621.4044  
Fax: 216.621.1340

To the Board of Directors and Shareholders of:  
**Sparkle International, Inc. and Subsidiary**  
Oakwood Village, Ohio

**Opinion**

We have audited the accompanying consolidated financial statements of **Sparkle International, Inc. and Subsidiary** (an Ohio corporation), which comprise the consolidated balance sheets as of December 31, 2022, 2021 and 2020 and the related consolidated statements of income, retained earnings and consolidated cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Sparkle International, Inc. and Subsidiary** as of December 31, 2022, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Sparkle International, Inc. and Subsidiary** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Sparkle International, Inc. and Subsidiary** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (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 these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Sparkle International, Inc. and Subsidiary'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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Sparkle International, Inc. and Subsidiary** 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.

  
W. J. Franz & Company, LLC

Cleveland, Ohio

April 28, 2023

**Sparkle International, Inc. and Subsidiary**  
Consolidated Balance Sheets  
December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash and Cash Equivalents	\$ 43,839	\$ 115,588	\$ 84,289
Accounts Receivable, Less Allowances for Doubtful Accounts of - 2022: \$ 5,149; 2021: \$ 4,719; 2020: \$ 5,366	80,895	75,767	89,054
Inventories (Note 2)	108,282	85,657	73,692
Prepaid Expenses	<u>3,375</u>	<u>4,847</u>	<u>4,397</u>
Total Current Assets	236,391	281,859	251,432
<u>PROPERTY, PLANT AND EQUIPMENT:</u>			
Net of Accumulated Depreciation and Amortization (Note 3)	103,575	99,032	111,582
<u>INTANGIBLE ASSETS:</u>			
Goodwill (Note 4)	77,539	77,539	77,539
<u>OTHER ASSETS:</u>			
Deferred Tax Asset	<u>45,402</u>	<u>21,762</u>	<u>4,427</u>
Total Assets	<u>\$ 462,907</u>	<u>\$ 480,192</u>	<u>\$ 444,980</u>

**Sparkle International, Inc. and Subsidiary**  
Consolidated Balance Sheets  
December 31, 2022, 2021 and 2020

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>CURRENT LIABILITIES:</u>			
Accounts Payable	\$ 54,502	\$ 26,874	\$ 19,035
Deferred Income	73,767	33,490	25,221
Accrued Expenses and Taxes	37,175	39,365	36,490
Current Portion of Long-Term Debt	<u>167,581</u>	<u>20,561</u>	<u>20,053</u>
Total Current Liabilities	333,025	120,290	100,799
<u>LONG-TERM DEBT:</u>			
Notes Payable (Note 5)	241,299	115,380	135,433
Less: Current Portion	<u>( 167,581)</u>	<u>( 20,561)</u>	<u>( 20,053)</u>
Total Long-Term Debt	73,718	94,819	115,380
<u>STOCKHOLDERS' EQUITY:</u>			
Common Stock (Note 6)	100,000	100,000	100,000
Retained Earnings	<u>( 43,836)</u>	<u>165,083</u>	<u>128,801</u>
Total Stockholders' Equity	<u>56,164</u>	<u>265,083</u>	<u>228,801</u>
Total Liabilities and Stockholders' Equity	<u>\$ 462,907</u>	<u>\$ 480,192</u>	<u>\$ 444,980</u>

**Sparkle International, Inc. and Subsidiary**  
Consolidated Statements of Income and Retained Earnings  
For the Years Ended December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Sales and Operating Income	\$ 888,042	\$ 1,133,778	\$ 1,026,569
Cost of Sales and Services	( 465,926)	( 497,324)	( 412,223)
Gross Margin	422,116	636,454	614,346
Depreciation and Amortization	( 30,997)	( 26,649)	( 15,789)
Interest Expense	( 4,413)	( 2,023)	( 2,691)
General Administrative Expenses	( 623,480)	( 705,521)	( 640,346)
Operating Profit or (Loss)	( 236,774)	( 97,739)	( 44,480)
<hr/>			
Other Income:			
Interest Income	5	0	565
Miscellaneous Income	4,210	12,324	15,779
Gain(Loss) Sale of Assets	0	0	10,800
Ohio Business Grant	0	10,000	0
Gain on Extinguishment of PPP Loan	<u>0</u>	<u>94,362</u>	<u>90,600</u>
Total Other Income	<u>4,215</u>	<u>116,686</u>	<u>117,744</u>
Net Income or (Loss) before Tax	( 232,559)	18,947	73,264
Deferred Tax Benefit	<u>23,640</u>	<u>17,335</u>	<u>4,427</u>
Net Income or (Loss) after Tax	( 208,919)	36,282	77,691
Retained Earnings, Beginning of Year	165,083	128,801	63,986
Franchisors Revenue Deferral Adjustment	<u>0</u>	<u>0</u>	( 12,876)
Retained Earnings, End of Year	<u><u>\$ ( 43,836)</u></u>	<u><u>\$ 165,083</u></u>	<u><u>\$ 128,801</u></u>

**Sparkle International, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**  
For the Years Ended December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash Received from Customers	\$ 903,291	\$ 1,189,582	\$ 1,047,424
Cash Paid to Suppliers and Employees	( 1,064,330)	( 1,217,642)	( 1,113,869)
Interest Paid	( 1,093)	( 1,601)	( 1,208)
Interest Received	<u>5</u>	<u>0</u>	<u>565</u>
Net Cash Provided by (Used In) Operating Activities	( 162,127)	( 29,661)	( 67,088)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Payments to Purchase Equipment	( 35,541)	( 14,099)	( 33,411)
Proceeds from Sale of Assets	<u>0</u>	<u>0</u>	<u>10,800</u>
Net Cash Provided by (Used in) Investing Activities	( 35,541)	( 14,099)	( 22,611)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
Proceeds from Amounts Borrowed	146,480	125,112	140,600
Payments of Principal on Amounts Borrowed	<u>( 20,561)</u>	<u>( 50,053)</u>	<u>( 8,527)</u>
Net Cash Provided by (Used In) Financing Activities	<u>125,919</u>	<u>75,059</u>	<u>132,073</u>
Net Increase (Decrease) In Cash and Cash Equivalents	( 71,749)	31,299	42,374
Cash and Cash Equivalents at Beginning of Year	<u>115,588</u>	<u>84,289</u>	<u>41,915</u>
Cash and Cash Equivalents at End of Year	<u>\$ 43,839</u>	<u>\$ 115,588</u>	<u>\$ 84,289</u>

**Sparkle International, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements  
December 31, 2022, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF BUSINESS: Sparkle International, Inc. was incorporated in the State of Ohio on December 1, 1984. The corporation is a franchisor of mobile wash equipment. The corporation also designs and manufactures mobile power cleaning units for cleaning and restoration of trucks and commercial fleets, heavy equipment, industrial and commercial structures, residential and mobile homes, and historical building restoration. Sparkle International, Inc. sells franchises to individuals throughout the United States, Canada and overseas.

RECLASSIFICATIONS: Certain prior period amounts have been reclassified to be consistent with the current period classifications.

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PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of Sparkle International, Inc. and its wholly owned and independently operated franchise, Metro Environmental Services, Inc. (collectively referred to as the "Company.") Upon consolidation, all intercompany accounts and transactions have been eliminated. The gross operating income for Metro Environmental Services, Inc. for 2022 was \$ 198,877 and the total operating expenses for Metro Environmental Services, Inc. for 2022 was \$ 224,526 resulting in a net income of \$(25,649). These figures are consolidated within the financial statements herein presented.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.



**Sparkle International, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements  
December 31, 2022, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**CASH AND CASH EQUIVALENTS:** Cash and Cash Equivalents represent petty cash funds, demand deposits and money market funds. As of December 31, 2022, \$ 34,177 is concentrated in one commercial bank and \$ 15,573 at another commercial bank. The FDIC insures the funds up to \$250,000.

**ACCOUNTS RECEIVABLES:** Accounts Receivables are recorded at gross sales price. Discounts and rebates offered during special incentive promotions are treated as a direct expense when incurred. The Company has elected to reflect an allowance for uncollectible accounts based upon the management's estimates. Trade Receivables are deemed to be uncollectible when all legal means of collection have been exhausted. Management determines when these accounts are past due. The accumulated amount of the allowance is \$ 5,149, \$ 4,719 and \$ 5,366 for the years ended December 31, 2022, 2021 and 2020 respectively.

**INVENTORIES:** Inventories are stated at the weighted average cost method. All inventories are located at one location on First Place in Oakwood Village, Ohio.

**PROPERTY AND EQUIPMENT:** Property and Equipment are stated at cost. Depreciation and amortization are computed using the straight-line basis with various lives of 3, 5, 7 and 10 years. Depreciation and amortization charged to these financial statements amounts to \$ 30,997. The Company's policy is to charge maintenance, repairs and minor expenses to earnings in the year incurred and to capitalize major improvements. When major assets are sold or retired, the accounts are relieved of cost and related accumulated depreciation. Gains and losses on assets sold or retired are credited or charged to results of operations.

**ADVERTISING COSTS:** Advertising costs are expensed as incurred.

**Sparkle International, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements (Continued)  
December 31, 2022, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**INCOME TAXES:** Sparkle International, Inc. and Subsidiary complies with FASB ASC 740-Accounting for Uncertainty in Income Taxes. FASB ASC 740 details how companies should recognize, measure, present and disclose uncertain tax positions that have been or are expected to be taken. As such, the financial statements would reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts, if they existed. Management believes that there are no uncertain tax positions. The organization's tax years that remain subject to examination by the Internal Revenue Service are 2020, 2021 and 2022.

**REVENUE RECOGNITION:** The Company recognizes parts, chemicals and equipment revenue when persuasive evidence of an arrangement exists, delivery has occurred and the sales price is fixed or determinable. Franchise Fee Revenue is recognized using the accounting method prescribed under Financial Accounting Standards Board (FASB) Franchisors Revenue from Contracts with Customers (Subtopic 952-606). Franchise Contracts with Customers are for a period of 10 years. Franchisees pay the entire 100% Franchise Fee by the signing of the contract. At the time of signing Sparkle International, Inc. recognizes 80% of the Franchise Fee received as income. The remaining 20% is recognized over the 10 year period. Geographic location and the population density, as determined by management in its demographics, determine sales price of franchise territories. Franchise Fee Income from Contracts with Customers was \$ 42,298, \$ 59,081 and \$ 51,655 for the years ended December 31, 2022, 2021 and 2020 respectively.

The Franchisees are required to maintain their relationship with the Company for which a Franchise Royalty fee is payable monthly based upon their contract and income. The Company maintains a continual support for the Franchisee. Royalty Income was \$ 317,009, \$ 406,223 and \$ 408,932 for the years ending December 31, 2022, 2021 and 2020 respectively.

Relative contribution to net income of royalties for the years ending December 31, 2022, 2021 and 2020 are delineated below:

	<u>December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Relative contribution to total consolidated income	35.70%	35.83%	39.83%
Relative contribution to Sparkle International, Inc. Operating gross income	45.09%	45.20%	49.49%

**Sparkle International, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements (Continued)  
December 31, 2022, 2021 and 2020

2. INVENTORIES:

Inventory consists of parts and chemicals. A complete physical inventory was taken by company personnel and was priced as delineated below:

	<u>2022</u>	<u>December 31,</u>	
		<u>2021</u>	<u>2020</u>
Chemical Inventory	\$ 6,061	\$ 6,027	\$ 5,603
New Parts Inventory	<u>102,221</u>	<u>79,630</u>	<u>68,089</u>
Total Inventories	<u>\$108,282</u>	<u>\$ 85,657</u>	<u>\$ 73,692</u>

3. PROPERTY AND EQUIPMENT:

Property and Equipment consists of the following:

	<u>2022</u>	<u>December 31,</u>	
		<u>2021</u>	<u>2020</u>
Machinery and Equipment	\$ 14,980	\$ 14,980	\$ 14,980
Service Vehicles & Equipment	188,339	165,764	165,764
Office Equipment	<u>49,058</u>	<u>36,092</u>	<u>21,993</u>
	252,377	216,836	202,737
Less: Accumulated Depreciation and Amortization	<u>148,802</u>	<u>117,804</u>	<u>91,155</u>
Net Property and Equipment	<u>\$ 103,575</u>	<u>\$ 99,032</u>	<u>\$ 111,582</u>

4. GOODWILL:

In June 2019, goodwill in the amount of \$ 77,539 was recorded by Sparkle International, Inc. during the acquisition of the outstanding shares of company stock by the shareholder, Sparkle Wash Acquisition, LLC. Goodwill acquired in a stock acquisition and determined to have an indefinite useful life is not amortized, but tested at least annually for impairment. The company has selected December 31<sup>st</sup> as the date to perform the annual impairment test and during 2022 no Goodwill was impaired.

**Sparkle International, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements (Continued)  
December 31, 2022, 2021 and 2020

5. NOTES PAYABLE:

	<u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>2020</u>
Note Payable to Ford Motor Credit due in 60 monthly installments, plus interest at 0% for a total of \$ 983. The original note is for 60 monthly payments ending August 4, 2025.	\$ 31,445	\$ 43,237	\$ 55,029
Less: Current Portion	<u>11,792</u>	<u>11,792</u>	<u>11,792</u>
Long-Term Portion of Ford Motor Credit Note	\$ 19,653	\$ 31,445	\$ 43,237
Note Payable to Ford Motor Credit due in 48 monthly installments, plus interest at 5.99% for a total of \$ 822. The original note is for 48 monthly payments ending May 28, 2024.	\$ 13,374	\$ 22,143	\$ 30,404
Less: Current Portion	<u>9,309</u>	<u>8,769</u>	<u>8,261</u>
Long-Term Portion of Ford Motor Credit Note	\$ 4,065	\$ 13,374	\$ 22,143

**Sparkle International, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements (Continued)  
December 31, 2022, 2021 and 2020

5. NOTES PAYABLE (CONTINUED):

	<u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>2020</u>
Note Payable Tim Khayat This is a one year note with an interest rate of 3%. This note is payable by December 31, 2023	\$ 146,480	\$ 0	\$ 0
Less Current Portion	<u>146,480</u>	<u>0</u>	<u>0</u>
Long-Term Portion of Note Payable Tim Khayat	\$ 0	\$ 0	\$ 0
 Note Payable The Ledyard Group, LLC. This a four year note with an interest rate of 2% compounded annually. This note is payable in a Lump Sum on February 10, 2024.	 \$ 50,000	 \$ 50,000	 \$ 50,000
Less: Current Portion	<u>0</u>	<u>0</u>	<u>0</u>
Long-Term Portion of The Ledyard Group, LLC Note	\$ 50,000	\$ 50,000	\$ 50,000
Total Long-Term Debt	\$ 73,718	\$ 94,819	\$ 115,380

**Sparkle International, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements (Continued)  
December 31, 2022, 2021 and 2020

6. COMMON STOCK RECORD OF OWNERSHIP:

Sparkle Wash Acquisition, LLC owns 100% of Sparkle International, Inc. The total number of authorized shares is 6,000 with 1,000 issued and outstanding and 5,000 unissued.

A table of common shareholders as of December 31, 2022, 2021 and 2020 is delineated below:

	<u>2022</u>	<u>(In Shares)</u> <u>December 31,</u> <u>2021</u>	<u>2020</u>
Sparkle Wash Acquisition, LLC	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Total Outstanding Shares	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

OFFICERS:

Mr. Tim Khayat	President
Mr. Tim Khayat	Secretary
Mr. Tim Khayat	Treasurer

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Book Value per Share	\$ 56.16	\$ 265.08	\$ 228.80
Profit or (Loss) per Share	\$( 208.92)	\$ 36.28	\$ 77.69
2021 & 2020 Profit or (Loss) per share. Includes Gain on Extinguishment of PPP Loans			
Current Ratio	.71	2.34	2.49

**Sparkle International, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements (Continued)  
December 31, 2022, 2021 and 2020

8. INCOME TAXES:

The Company's current federal income tax for the year of 2022 was \$ 0. Since the company had a loss for tax purposes.

Net deferred tax assets of \$ 45,402 for 2022 are the result of net operating loss carryforwards, research and development tax credit carryforwards, and from temporary differences in the recognition of depreciation for income tax and financial reporting purposes.

9. BUILDING LEASE:

On June 28, 2019, Sparkle International, Inc. entered into a lease agreement with Arovalk, LLC. The term of the lease is five (5) years with a base rent in the initial year of \$ 40,000. During each subsequent year of the Term, Base Rent shall be an amount per year equal to the previous years Base Rent multiplied by a fraction, the numerator of which is the Consumer Price Index for the month of May immediately preceding the first month of the subsequent year, and the denominator of which is the Consumer Price Index for the month of May immediately preceding the first month of the Term; however, in no event shall the rent in any year of the Term be less than the rent during the preceding year of the Term. Sparkle International, Inc. has the option to purchase the premises on the last day of the 3<sup>rd</sup> year of the lease and the last day of the term of the lease. The purchase price of the premises shall be the "Fair Market Value" of the premises as of the exercise date, but in no event less than \$ 425,000.

10. RETIREMENT PLAN:

In February 2001, the Company started a Simple IRA Plan for the employees. Employees are eligible to participate in the plan if the employee reasonably expects to receive at least \$ 5,000 in compensation in the current year and has received at least \$ 5,000 in compensation in the previous two (2) years. The employee may have elected to contribute up to a maximum of \$ 14,000 under age 50, \$ 17,000 age 50 and older for 2021. The Company has elected a matching contribution of three percent (3%) of compensation or an amount equal to what the employee contributes whichever is lower but not less than one percent (1%), resulting in a \$ 4,855, \$ 4,601 and \$ 4,842 matching corporate expense for 2022, 2021 and 2020 respectively.

**Sparkle International, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements (Continued)  
December 31, 2022, 2021 and 2020

11. RELATED PARTY TRANSACTIONS:

The Ledyard Group, LLC is managing member of Sparkle Wash Acquisition, LLC which is sole shareholder of Sparkle International, Inc. The Ledyard Group, LLC lent Sparkle International, Inc. \$ 50,000 issuing a four-year note in 2020 with an interest rate of 2%.

Tim Khayat is President of Sparkle International, Inc. Tim Khayat lent Sparkle International, Inc. \$ 146,480 issuing a one year note in 2022 with an interest rate of 3%

12. PAYCHECK PROTECTION PROGRAM:

In March 2021, the Small Business Administration (SBA) forgave the entire balance of \$ 90,600 from the first round of the Paycheck Protection Program. The SBA has the right to audit Paycheck Protection Program for a period of up to six years.

In September 2021, the Small Business Administration (SBA) forgave the entire balance of \$ 94,362 from the second round of the Paycheck Protection Program. The SBA has the right to audit a PPP Loan for a period of up to six years.

13. SUBSEQUENT EVENT:

In March 2023, the Company received \$ 104,744 from the Department of the Treasury for the Employee Retention Credit. The Company used an outside firm to determine if the Company qualified for the Credit. Additionally, the outside firm prepared and applied for the Employee Retention Credit by amending prior year Payroll Tax Forms 941.

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review for 5 years. There can be no assurance that regulatory authorities will not challenge the Company's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Company.



**Sparkle International, Inc. and Subsidiary**

Supplementary Information

December 31, 2022, 2021 and 2020

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INDEPENDENT ACCOUNTANT'S OPINION ON SUPPLEMENTARY INFORMATION

Our examination of the basic consolidated financial statements presented in the proceeding section of this report was made primarily to form an opinion on such financial statements taken as a whole. Supplementary information contained in the following pages is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The following data has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the following data are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*W. J. Franz & Company LLC*  
W. J. Franz & Company, LLC

**Sparkle International, Inc. and Subsidiary**  
**Details of Cost of Sales and Services**  
For the Years Ended December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Purchases	\$ 218,164	\$ 273,095	\$ 215,943
Wages	72,944	72,257	68,104
Outside Services	29,989	0	0
Freight	9,834	9,767	7,763
Training and Marketing	12,386	21,598	23,723
Vehicle Gas, Oil, and Maintenance	21,124	20,640	12,081
Advertising	33,239	25,406	20,919
State Franchise Reg. Fees	7,480	7,564	5,072
Franchisee Relations Expense	1,190	2,458	2,176
Field Travel Expense	8,107	9,302	3,759
Shop Supplies	5,941	6,974	3,723
Environmental Disposal Fees	750	750	750
Equipment Rental Expense	778	2,859	1,134
Seminars and International Convention	31,010	16,514	25,076
Sales Commission	<u>12,990</u>	<u>28,140</u>	<u>22,000</u>
 Total Cost of Sales and Services	 <u>\$ 465,926</u>	 <u>\$ 497,324</u>	 <u>\$ 412,223</u>

**Sparkle International, Inc. and Subsidiary**  
**Details of General Administrative Expenses**  
**For the Years Ended December 31, 2022, 2021 and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Wages and Salaries	\$ 376,970	\$ 413,467	\$ 407,410
Temporary Administration Services	0	813	16,506
Employee Welfare	2,562	5,897	5,116
Employment Taxes	37,693	41,240	35,915
Hospitalization	34,700	31,226	18,182
Telephone	12,758	12,818	11,679
Auto Exp./ Mileage and Rental	5,576	5,841	6,151
Bad Debts Expense	5,077	4,161	3,671
Customer Claims Expense	364	0	1,122
Office Supplies and Expense	8,018	11,006	9,207
Research and Development Expense	452	24,953	222
Business and Property Taxes	13,045	13,620	13,171
Professional Services	31,898	38,685	19,860
Maintenance and Repairs	5,016	6,300	8,879
Utilities	10,474	9,568	8,285
Rent	40,000	40,000	40,000
Dues	970	1,032	1,173
Office Equipment Rental	3,400	2,318	2,434
Insurance Expense	14,426	14,018	14,883
Outside Computer Services	15,226	23,957	11,638
Simple IRA Match	<u>4,855</u>	<u>4,601</u>	<u>4,842</u>
 Total Administrative Expenses	 <u>\$ 623,480</u>	 <u>\$ 705,521</u>	 <u>\$ 640,346</u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

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06/05/23

Accrual Basis

Sparkle International, Inc.

Balance Sheet

As of April 30, 2023

	<u>Apr 30, 23</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
11000 · Checking PNC Bank	8,529.22
11100 · Petty Cash	100.00
11300 · Huntington Checking	70,625.41
<b>Total Checking/Savings</b>	79,254.63
<b>Accounts Receivable</b>	
11500 · Accounts Receivable	-46,844.75
<b>Total Accounts Receivable</b>	-46,844.75
<b>Other Current Assets</b>	
11400 · Prepaid Expenses	11,875.00
11550 · Allowance for Doubtful Accounts	-4,253.93
11600 · Inventory - Parts	120,409.67
11800 · Inventory - Chemicals	10,052.34
14510 · Note Receivable - Franchisee	45,081.75
<b>Total Other Current Assets</b>	183,164.83
<b>Total Current Assets</b>	215,574.71
<b>Fixed Assets</b>	
12100 · Machinery & Equipment	11,433.60
12300 · Office Equipment	46,768.27
12800 · Accumulated Depreciation	
12200 · Machinery & Equipment	-11,433.60
12400 · Office Equipment	-23,948.32
<b>Total 12800 · Accumulated Depreciation</b>	-35,381.92
<b>Total Fixed Assets</b>	22,819.95
<b>Other Assets</b>	
14000 · Loan Receivable Metro	10,400.00
15600 · Transfer Account	-7,193.58
18400 · Deferred Tax Asset	45,402.00
18500 · Goodwill	77,539.00
18750 · Patent Cost	8,486.84
19000 · Accum Amortization Patents	-8,486.84
<b>Total Other Assets</b>	126,147.42
<b>TOTAL ASSETS</b>	<b>364,542.08</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	

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Accrual Basis

Sparkle International, Inc.

Balance Sheet

As of April 30, 2023

	<u>Apr 30, 23</u>
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20000 · Accounts Payable	100,778.96
<b>Total Accounts Payable</b>	100,778.96
<b>Credit Cards</b>	
21141 · PNC Bank Credit Card	2,259.68
<b>Total Credit Cards</b>	2,259.68
<b>Other Current Liabilities</b>	
23500 · Accrued Payroll	12,189.99
24700 · Customer Deposits	25,000.00
26500 · Accrued Workers' Compensation	-524.87
27000 · Sales Tax Payable	493.63
27100 · Accrued Interest	3,993.54
27200 · Accrued Real Estate Tax	9,102.15
27255 · Accrued SIMPLE IRA	1,253.03
27257 · Accrued Warranty Parts	2,024.00
27258 · Deferred Revenue	38,767.00
<b>Total Other Current Liabilities</b>	92,298.47
<b>Total Current Liabilities</b>	195,337.11
<b>Long Term Liabilities</b>	
29000 · Loan Payable	50,000.00
29001 · Loan Payable Officer	65,000.00
<b>Total Long Term Liabilities</b>	115,000.00
<b>Total Liabilities</b>	310,337.11
<b>Equity</b>	
31000 · Common Stock	100,000.00
32000 · Retained Earnings	-25,057.68
Net Income	-20,737.35
<b>Total Equity</b>	54,204.97
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>364,542.08</b>

**Sparkle International, Inc.**  
**Profit & Loss**  
 January through April 2023

	Jan - Apr 23
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
47900 - Sales	
41000 - Franchise Fees	38,775.00
42500 - Royalties	138,738.28
47000 - Chemicals Ques	36,820.25
47860 - Chemicals Re-Use (Seal Green)	1,928.70
48000 - Parts	95,148.74
48050 - Warranty Parts	-2,206.54
48100 - Sales - Labor	465.00
48200 - Promotional Items	127.36
48500 - Printed Materials	1,578.07
<b>Total 47900 - Sales</b>	<b>311,374.86</b>
<b>Total Income</b>	<b>311,374.86</b>
<b>Cost of Goods Sold</b>	
50000 - Cost of Goods Sold	
50502 - Chemicals Ques	19,969.27
50504 - Parts Resale	64,039.95
50545 - Chemicals Re-Use (Seal Green)	1,640.00
50600 - Sales Commissions	15,510.00
50702 - Freight In Chemicals	535.33
50703 - Freight In Parts	3,736.55
50711 - Freight Out Chemicals	669.54
50712 - Freight Out Parts	737.67
51000 - Inventory Change Parts	209.14
51200 - Printed Materials Resale	1,542.44
51205 - Printed Materials in Units Sold	612.00
51350 - Promotional Resale	113.22
<b>Total 50000 - Cost of Goods Sold</b>	<b>109,315.11</b>
<b>Total COGS</b>	<b>109,315.11</b>
<b>Gross Profit</b>	<b>202,059.75</b>
<b>Expense</b>	
52000 - New Franchise Expense	
52025 - Start Up Chemical Freight Out	300.43
52100 - Training, Sched A, Mkt Expense	5,463.23
52400 - Fuel in New Units Sold	106.76
<b>Total 52000 - New Franchise Expense</b>	<b>5,870.42</b>
53000 - Marketing Expense	
53100 - Advertising	8,107.43
53451 - Marketing Program - Mailer	389.70



**Sparkle International, Inc.**  
**Profit & Loss**  
 January through April 2023

	Jan - Apr 23
53550 · Outside Services	4,302.84
<b>Total 53000 · Marketing Expense</b>	<b>12,799.97</b>
54000 · Shop Expense	
56000 · Forklift Rental	120.00
56100 · Shop Supplies	1,110.64
<b>Total 54000 · Shop Expense</b>	<b>1,230.64</b>
57000 · Franchisee Relations	
57800 · Annual Meeting Awards	448.28
57900 · Annual Meeting	14,689.70
57950 · Annual Meeting Relations	3,759.00
57970 · Franchisee Relations-General	1,690.00
<b>Total 57000 · Franchisee Relations</b>	<b>20,586.98</b>
70000 · Employee Expense	
70050 · Salaries & Wages	108,709.91
70300 · Employee Welfare	134.47
70400 · Tax FICA Matching	8,432.55
70500 · Insurance Expense Group	13,803.39
70600 · Workers' Compensation	220.12
70700 · Tax Federal Unemployment	210.00
70800 · Tax State Unemployment	990.03
70900 · Simple IRA Match	2,076.28
<b>Total 70000 · Employee Expense</b>	<b>134,576.75</b>
71000 · Communication Expense	
71100 · Telephone	2,715.89
71200 · Postage	-116.72
<b>Total 71000 · Communication Expense</b>	<b>2,599.17</b>
72000 · Other Expenses	
72010 · Auto Lease	1,840.00
72050 · Vehicle Maintenance/Registratio	40.00
72500 · Interest Expense	821.65
72600 · Office Supplies	6,418.75
72620 · Office Equipment Rental	547.42
73000 · Research & Development	54.72
73500 · Insurance General	4,472.16
<b>Total 72000 · Other Expenses</b>	<b>14,194.70</b>
74000 · Tax Expense	
74300 · Real Estate Tax	3,629.08

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Accrual Basis

Sparkle International, Inc.  
**Profit & Loss**  
January through April 2023

	<u>Jan - Apr 23</u>
Total 74000 · Tax Expense	3,629.08
75000 · Professional Expense	
75050 · Legal Services Collections	3,816.05
75100 · Accounting Services	6,266.03
75300 · Outside Computer Services	1,107.58
Total 75000 · Professional Expense	11,189.66
76000 · Occupancy Expense	
76100 · Maintenance & Cleaning Building	1,684.11
76300 · Maintenance Yard	182.00
76500 · Utilities	3,229.57
76600 · Rent	7,333.32
Total 76000 · Occupancy Expense	12,429.00
78000 · Depreciation Expense	
78300 · Depreciation	934.32
Total 78000 · Depreciation Expense	934.32
79000 · Fees Expense	
79450 · Hazardous Materials Fees	300.00
79700 · Service Charges	2,025.17
Total 79000 · Fees Expense	2,325.17
Total Expense	222,365.86
Net Ordinary Income	-20,306.11
Other Income/Expense	
Other Income	
82000 · Other Income	
82560 · Miscellaneous Income	-431.24
Total 82000 · Other Income	-431.24
Total Other Income	-431.24
Other Expense	
80000 · Ask My Accountant	0.00
Total Other Expense	0.00
Net Other Income	-431.24
Net Income	-20,737.35

## EXHIBIT I

## RECEIPT

(KEEP THIS COPY FOR YOUR RECORDS)

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 SPARKLE WASH 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.

IF SPARKLE WASH 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE AGENCY LISTED IN EXHIBIT A.

---

Sparkle Wash authorizes the agents listed in Exhibit B to receive service of process.

SPARKLE INTERNATIONAL, INC.

7599 First Place

Oakwood, OH 44146

(440) 374-0570

Issuance Date: \_\_June 21, 2022\_\_

I have received a Franchise Disclosure Document dated \_\_June 21, 2022\_\_ that included the following Exhibits:

- A) List of Administrators
- B) Agents for Service of Process
- C) Exclusive Purchase and License Agreement
- D) Non-Exclusive Purchase and License Agreement
- E) Confidentiality Agreement
- F) List of Franchisees
- G) List of Former Franchisees
- H) Financial Statements
- I) Two copies of Acknowledgement of Receipt

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Date  
Rev05/2010

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FRANCHISEE

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Date  
Rev05/2010

\_\_\_\_\_  
FRANCHISEE