

FRANCHISE DISCLOSURE DOCUMENT



Focus Franchising, Inc.
a Wisconsin Corporation
d/b/a Jani-King of Madison
6472 Ronald Reagan Avenue
Madison, Wisconsin 53704
608-661-1990
www.janiking.com

This Franchise Disclosure Document is for the sale of a Jani-King franchise. The franchisee will provide comprehensive cleaning and maintenance related services, including commercial, industrial, and institutional cleaning and/or maintenance services and the distribution of related supplies and equipment, under the name "JANI-KING" in the Madison area, consisting of the Wisconsin counties of Columbia, Dane, Green, Rock and Sauk.

In this Franchise Disclosure Document, we refer to FOCUS FRANCHISING, INC. D/B/A JANI-KING OF MADISON ("FFI") (the Franchisor) as "JANI-KING OF MADISON," "we" or "us," and to the business entity being awarded the franchise (the Franchisee) as "you." The term "you" does not include the owners of the Franchisee's business entity, unless otherwise stated.

The total investment necessary to begin operation of a JANI-KING franchise ranges from \$12,955 to \$218,100. This includes the following amounts that must be paid to us or our affiliate: (a) the initial franchise fee of \$10,000 to \$195,500, as described further in Item 5, and (b) the estimated purchase price ranging from \$2,955 to \$7,940, for certain supplies and equipment you must obtain prior to opening your Jani-King franchise. If you are a veteran, we offer a 50% discount to the plan you choose.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jeffrey Weyker or Kristi Garske, Focus Franchising, Inc., 6472 Ronald Reagan Avenue, Madison, WI 53704, (608) 661-1990.

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

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

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

Date of Issuance: August 7, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 and Exhibit VIII.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit VII includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Jani-King business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be Jani-King franchisee?	Item 20 and Exhibit VIII lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit X.

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:

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Wisconsin. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to or litigate with the franchisor in Wisconsin than in your own state.

Minimum Royalty Requirement. You must maintain minimum gross revenue performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, 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.

Effective Date: August 7, 2023

FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor and Any Parents, Predecessors and Affiliates

We are a Wisconsin corporation formed on April 25, 2013. We conduct business under the name FOCUS FRANCHISING, INC. D/B/A JANI-KING OF MADISON. Our principal place of business is 6472 Ronald Reagan Avenue, Madison, WI 53704. Our registered agent and registered address for service of process is Jeffrey Weyker, 6472 Ronald Reagan Avenue, Madison, WI 53704. We do not have any predecessors.

We are in the business of franchising comprehensive commercial cleaning and maintenance businesses like the type we are offering to you. In June 2013, we entered into a Regional Franchise Agreement with JANI-KING FRANCHISING, INC. (“JKF”), which granted us the right to offer JANI-KING franchises in Madison and the surrounding area which includes the Wisconsin counties of Sauk, Columbia, Dane, Green and Rock (the “Madison Area”). We do not engage in any other businesses, and we have not offered franchises in any other lines of business. Only individual JANI-KING franchises are offered in this Franchise Disclosure Document.

Our affiliate, FORWARD FRANCHISING, INC. D/B/A JANI-KING OF GREEN BAY, is a Wisconsin corporation, which was incorporated on March 5, 2018. Its principal business address is 520 North Broadway Suite 160, Green Bay, WI 54303. Our registered agent and registered office for service of process is Jeffrey Weyker, 520 North Broadway Suite 160, Green Bay, WI 54303. This affiliate has the right to offer JANI-KING franchises in the Green Bay, Wisconsin area.

JKF has multiple affiliates and a parent:

1. JKF is a wholly owned subsidiary of JANI-KING INTERNATIONAL, INC. (“JK Int’l”). Both JKF and JK Int’l were incorporated in Texas on October 1, 1985. JKF shares JK Int’l’s principal business address at 16885 Dallas Parkway, Addison, Texas 75001. JK Int’l has granted Jani-King subfranchising rights since 1974. Subfranchisors grant individual franchises for JANI-KING franchises to be located in various regions.
2. JK Int’l is a wholly owned subsidiary of JAC HOLDINGS, LLC, a Texas limited liability company. Its principal business address is 16885 Dallas Parkway, Addison, Texas 75001. JAC HOLDINGS, LLC is a holding company and does not directly engage in the business of franchising comprehensive commercial cleaning businesses.
3. JK Int’l wholly owns Jani-King, Inc. (“JKI”), which was incorporated in Texas on March 11, 1983. JKI’s principal business address is 16885 Dallas Parkway, Addison, Texas 75001. Neither JK Int’l nor JKI directly engages in the business of franchising comprehensive commercial cleaning businesses, and neither offers any franchises substantially similar to our business nor in any other line of business.
4. JK Int’l wholly owns JANI-KING LEASING CORPORATION (“JK Leasing”), which was incorporated in Texas on December 21, 1981. JK Leasing shares JK Int’l’s principal business address. JK Leasing leases commercial cleaning equipment to franchisees operating Jani-King franchises. It does not engage in any other business activities and does not offer or operate franchises.
5. JKI Indemnity SPC is an affiliate and is a company formed under the laws of the Cayman Island on December 15, 1999. Its principal business address is c/o Marsh Management Services Cayman Ltd., Governors Square, Building 4, 2nd Floor, 23 Lime Tree Bay Avenue, P.O. Box 1051, Grand Cayman KY1- 1102, Cayman Islands. JKI Indemnity SPC assists in operating the Business Protection Plan described in Item 6 below. It neither conducts the type of business you will operate nor offers franchises providing the type of business you will operate or any other type of business.
6. Other of JKI’s wholly owned subsidiaries offer franchises in other territories similar to the type described in this Franchise Disclosure Document (the “Corporate Region Subs”). All of the Corporate Region Subs are Texas corporations, and all of them share JKI’s principal business address. Each of the Corporate Region Subs conducts a business of the type to be operated by you, but not in the same territory as you.

The chart below shows how long each Corporate Region Sub has conducted that business and how long they have offered JANI-KING franchises. None of the Corporate Region Subs have offered franchises in other lines of business and, except for certain “in house” operations to which they may provide service, they do not operate businesses of the type described in this disclosure document.

CORPORATE REGION SUB	DATE INCORPORATED	DATE BEGAN CONDUCTING BUSINESS	SELLING FRANCHISES SINCE
Jani-King of Buffalo, Inc.	11/02/92	08/12/96	08/12/96
Jani-King of Hartford, Inc.	11/02/92	01/01/93	01/01/93
Jani-King of Miami, Inc.	06/14/88	08/01/88	08/01/88
Jani-King of Michigan, Inc.	03/05/87	04/08/87	04/08/87
Jani-King of Minnesota, Inc.	11/09/87	12/01/87	12/01/87
Jani-King of New Jersey, Inc.	10/24/90	07/01/91	07/01/91
Jani-King of New York, Inc.	05/29/86	02/01/88	02/11/88
Jani-King of Oklahoma, Inc.	05/31/79	06/01/79	06/01/79
Jani-King of Philadelphia, Inc.	06/15/90	07/01/90	07/01/90
Jani-King of Pittsburgh, Inc.	09/29/06	09/29/06	09/29/06
Jani-King of Tulsa, Inc.	06/29/07	06/29/07	06/29/07
Jani-King of Washington, D.C., Inc.	04/28/89	06/01/89	06/01/89

The Franchise Program

We grant franchises for the performance of comprehensive cleaning and/or maintenance related services, including commercial, industrial, and institutional cleaning and/or maintenance services and the distribution of related supplies and equipment under the name JANI-KING. As a JANI-KING franchisee, you have the right to solicit business and to provide cleaning services (including carpet cleaning, hard floor care, trash disposal, window washing, wall cleaning, and other specialty cleaning services) to customers located in the Madison Area on a daily, weekly, or monthly schedule. You will not have a protected territory. Other JANI-KING franchisees also will have the right to solicit business and provide cleaning services under the JANI-KING marks in the Madison Area. If you already own one of our franchises and you purchase additional franchises, you will be required to sign the then current franchise agreement and the conditions existing at the time of the purchase will control the franchise relationship.

You will use the methods, procedures and products developed under the JANI-KING marks, and we will provide support services for you in the Madison Area. We will offer you within a certain number of days the right to provide service to commercial cleaning contracts obtained by us with varying amounts of gross monthly billings. We call the amount of cumulative gross monthly billings (the sum of the monthly amounts billed to all accounts to which your franchise is offered the right to service) and the contracts which we will offer to you to service the “Initial Business.” We call the number of days during which we are required to offer you the Initial Business the “Initial Offering Period.” We provide a limited guarantee for the Initial Business for a maximum of 12 months if you service the accounts properly. Under the guarantee, if you service the accounts properly, we will replace the Initial Business lost (unless it is lost due to your actions or omissions) for a time equal to 12 months less the amount of time you provided service to the account lost. See Item 11 for more information about the Initial Business offered to you, and the circumstances when we might replace an account. The Initial Business and the Initial Offering Period varies based on the level of plan (“Plan”) you

decide to purchase, as does the applicable Initial Franchise Fee. (See Item 5 for more information about the different Plans and applicable fees.)

We will offer you the right to perform services under the terms of commercial cleaning contracts with a cumulative total amount of Initial Business identified in the Plan you select, within the period of time shown as the Initial Offering Period. The Initial Offering Period will begin when you successfully complete the initial training program to our satisfaction, provide proof that your business entity is in existence and in good standing, provide proof of registration with all applicable taxing authorities (including federal, state and local taxing authorities), obtain all required equipment and supplies (including a smart phone with mobile email access), and provide proof of required insurance. We do not guarantee that the amount of Initial Business of the Plan you purchase will reach that amount or remain at that amount for the entire term of the Franchise Agreement. We are under no obligation to maintain the amount of Initial Business throughout the term of the Franchise Agreement. You should also be aware that the cumulative total billing for any specific month may not equal the total sum of the Initial Business because: (1) the Initial Business may be offered to you in stages during the Initial Offering Period; (2) you may not accept all of the accounts offered; (3) accounts may cancel the contract or request a change of franchisees due to your poor performance; or (4) the account may move or go out of business before the end of the contract period. To effectively service these accounts, you must adhere to the quality standards associated with the JANI-KING marks, maintain good customer relations, and maintain industry standard commercial cleaning production rates.

Each month, you may provide service to customers that have contracted for commercial cleaning services. At the beginning of each month, we will invoice each customer for the service to be provided that month. All of the customer billing and accounting for services you provide will be performed by us each month. We will issue to you, on the tenth day of each month (unless the tenth falls on a holiday or weekend), a monthly franchisee report. The report will list all services performed by you and all money collected by us for the services performed by you. We will deduct all royalty fees, accounting and sales fees, advertising fees, Business Protection Plan fees, technology license fees, charge backs (due to non-payment by customers), and any other charges, such as supply purchases and equipment leases, from your monthly revenue and issue you a check in the amount of the difference.

The Market and Competition

The market for your products and services consists of customers seeking cleaning and/or maintenance for their commercial properties. You will be competing with national and local businesses offering janitorial and maintenance services. The market for commercial cleaning services is developed in some areas and developing in others, depending on the existing businesses and economic conditions in the particular area. Sales of the products and services that you will offer are not generally seasonal.

You will be competing with national and local businesses offering janitorial and maintenance services. Some of these competitors may be independent operators, part of a chain or even a franchise network. Additionally, many of these competitors may have substantial financial, marketing, branding and/or other resources available to them.

Regulations

You must be familiar with local, county, state and federal laws which apply generally to the janitorial and cleaning industries. These laws may include federal, state and local regulations concerning health, discrimination, employment, sexual harassment and advertising. In addition, the laws, rules and regulations which apply to businesses in general will affect you. Consult your lawyer about them.

**ITEM 2
BUSINESS EXPERIENCE**

Jani-King of Madison

Director, President, Vice President, Treasurer and Secretary: Jeffrey Weyker

Mr. Weyker is the Director, President, Vice President, Treasurer and Secretary of Focus Franchising, Inc. d/b/a Jani-King of Madison and Forward Franchising, Inc. d/b/a Jani-King of Green Bay. Mr. Weyker joined Jani-King of Illinois in 1994 and served various positions there, as well as at Jani-King International, Jani-King of Milwaukee, and Jani-King of Knoxville. Mr. Weyker joined Jani-King of Madison in May of 2009 as its Division Manager. Mr. Weyker also joined Jani-King of Milwaukee in October 2006 as its Vice President. In February 2008, Mr. Weyker was promoted to President of Jani-King of Milwaukee. In April 2013, Mr. Weyker formed Focus Franchising, Inc. d/b/a Jani-King of Madison and acquired the rights to franchise JANI-KING in the Madison area. In May 2018, Mr. Weyker formed Forward Franchising, Inc. d/b/a Jani-King of Green Bay and acquired the rights to franchise JANI-KING in the Green Bay Area, at that time.

Jani-King Franchising, Inc.

President, Chief Executive Officer, Secretary and Director: James A. Cavanaugh, Jr.

Mr. Cavanaugh has served as a Director for JK INT'L, as well as other offices including JKI, JKF, JKI Leasing, and JKI Insurance since each company's respective date of formation. Since December 2021, Mr. Cavanaugh has served as the President, Chief Executive Officer, and Secretary for JK INT'L, JKI, JKF, JKI Leasing. He has also served in various capacities for JK INT'L, JKF and JKI, including serving as Chairman, Vice President, and Secretary of each during the past 5 years. He has also served in various capacities for JK Leasing since the company's inception in December 1981, and during the last five years, he has served as its Director, President and Secretary. Mr. Cavanaugh serves in these capacities in Addison, Texas.

Chief Operating Officer: John Crawford

Mr. Crawford joined JK INT'L in May 2021 as its Chief Operating Officer. Mr. Crawford has also served as the Co-President and Secretary of Opportunity Franchising, Inc, and C&C Nevada, LLC since April 2021. Mr. Crawford serves in these capacities in our office in Addison, Texas. Prior to his positions with JK INT'L, Opportunity Franchising, Inc, and C&C Nevada, LLC, Mr. Crawford was the District/Area Sales Manager of Eli Lilly & Company from May 1998 to May 2021 in Flower Mound, Texas.

Divisional Vice President and Vice President of National Accounts: Al Patino

Mr. Patino was promoted to Divisional Vice President in April 2020 and is based in Addison, Texas. He is also the Vice President of National Accounts since November 2014.

Assistant Secretary: Lauren M. Rambo

Ms. Rambo joined JK INT'L in February 1994 and currently serves as the Executive Assistant to the Chairman. Ms. Rambo was appointed the office of Assistant Secretary of JKI, JK INT'L, JKF, JK Leasing, and the Corporate Region Subs in September 2009. Ms. Rambo serves in these capacities in Addison, Texas.

Vice President – Education & Training: Theodore “Ted” Looney

Mr. Looney joined JK INT'L in June 2000 as an International Development Advisor. He was promoted to Vice President – International Regional Franchisors in August 2011. His role was changed to Vice President – Education and Training in February 2018. Mr. Looney serves in this capacity in Addison, Texas.

**ITEM 3
LITIGATION**

Jani-King of Madison

No litigation is required to be disclosed in this Franchise Disclosure Document involving us, any of our predecessors, any of our affiliates, or any of our officers, directors, or other executives disclosed in Item 2.

JK INT'L

See Exhibit X to this Franchise Disclosure Document for litigation involving JK INT'L and its affiliates

**ITEM 4
BANKRUPTCY**

Jani-King of Madison

No person previously identified in Items 1 or 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code or in proceedings under the laws of foreign nations relating to bankruptcy required to be disclosed in this Item.

JK INT'L

No person previously identified in Items 1 or 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code or in proceedings under the laws of foreign nations relating to bankruptcy required to be disclosed in this Item.

**ITEM 5
INITIAL FEES**

The Initial Franchise Fee varies depending on the Plan you decide to purchase and is determined by the amount of Initial Business that comes with each Plan. We offer a 50% discount to qualified United States military veterans (see below). The Initial Franchise Fee due for each Plan, except for any applicable sales tax, is the minimum total amount you must pay to us when you purchase your franchise. Sales tax is computed in accordance with state and local laws.

The amounts of the Initial Franchise Fee are outlined in the following schedule for Plans A, B, C, D (other Plans with more Initial Business may be available):

PLAN	INITIAL BUSINESS	INITIAL FRANCHISE FEE
D	10,000	38,000
C	7,500	29,000
B	5,000	19,500
A	2,500	10,000

JANI-KING VET-FRAN PROGRAM: In order to provide additional support to the veterans of the United States military, we offer a 50% discount off the Initial Franchise Fee to qualifying veterans. The program is available for those veterans who have received a discharge (other than dishonorable) as well as any active duty personnel. The franchise must be operated under a corporation or limited liability company, and the veteran participant must maintain at least a 51% ownership interest in such entity. A copy of the form DD-214, evidencing the status of a participating veteran, must be submitted with the franchise agreement. The amounts of the Initial Franchise Fee under the Jani-King Vet-Fran Program are outlined below.

**SCHEDULE OF TERMS
JANI-KING VET-FRAN PROGRAM**

PLAN	INITIAL BUSINESS	INITIAL FRANCHISE FEE
D	10,000	19,000
C	7,500	14,500
B	5,000	9,750
A	2,500	5,000

Except as described above, the Initial Franchise Fee is not refundable and is fully earned by us when paid. However, if we fail to offer you the right to provide service under contracts with cumulative total initial gross monthly billings equal to the value of the Initial Business for your Plan within the Initial Offering Period described in Item 11, we may refund an amount equal to three (3) times the amount of Initial Business not offered to you, less any amount you owe us or our affiliates. A refund will first be applied to any current, unpaid fees or charges you owe that would result in a negative due on your Franchisee Report, and then to any other outstanding balance you owe to us or our affiliates, including any lease obligations owed to our affiliates. We will pay the remaining sum, if any, to you. A refund under this provision fulfills our obligation to offer you any remaining portion of the Initial Business used to calculate the refund.

EXAMPLE:

Plan B purchased; \$2,500 of Initial Business offered by us for you to service

Refund: \$5,000 Amount of Initial Business to be offered by us for you to service under Plan B

~~2,500~~ Amount of Initial Business actually offered

\$2,500 Amount of Initial Business not offered

X 3 =

\$7,500 Total Credit (this credit may be applied to money you owe to us or if no money is owed to us, it may be refunded to you)

Equipment Purchases and Leases

You must acquire all the required commercial cleaning equipment and supplies before you will be authorized to service any accounts as a JANI-KING franchisee. The “Supply and Equipment Package” (see Exhibit III) may be purchased from or through us, subject to shipping restrictions, or from any other source that sells commercial grade cleaning products and equipment. You are not required to purchase the “Supply and Equipment Package” from us or our affiliates. However, if you choose to purchase the “Supply and Equipment Package” from us, the cost, based on price rates in use as of August 1, 2023, is approximately \$1,800.00 and is payable in cash.

The “Additional Electric Equipment” (see Exhibit III) required may also be leased from us. If the equipment is leased from us the total approximate cost, depending on which equipment package is chosen, ranges from approximately \$2,700 to \$8,650 based on the rates in use as of August 1, 2023. Total lease payments include a down payment with an approximate range from approximately \$350 to \$1,100 and 12 monthly payments with an approximate range from

approximately \$175 to \$550 depending on which equipment package is chosen. At the end of the lease period, you may purchase the equipment for a final purchase payment ranging from \$350 to \$1,100. Longer lease terms may be available for certain equipment.

You pay us or our affiliates no other fees or payments for services or goods before your Jani-King business commences for operations.

ITEM 6 OTHER FEES

Type of Fee (11)	Amount	Due Date	Remarks
Royalty (1)	10% of monthly Gross Revenue (2)	Deducted on 10th day of each month for the prior month	Subject to \$100 per month minimum for first 12 months, and then \$500 per month minimum , adjusted for increases in the Consumer Price Index
Accounting and Sales Fee (3)	Currently 7% of monthly Gross Revenue (1), but may be increased or decreased depending on monthly Gross Revenue achieved.	Deducted on 10th day of each month for the prior month	We will account for all revenue and expense transactions on a monthly basis. We disburse revenues to you for previous month's service less applicable deductions. (3)
Business Protection Plan (4) (Optional)	4% of monthly Gross Revenue plus cost of the Administration Fee of \$7/month or \$14/month	Deducted on 10th day of each month for the prior months service	This is an optional Plan which we may allow you to participate in. This Plan provides the minimum insurance requirements as set forth in Item 7
Equipment Lease Payments (5) (Optional)	Varies, depends on equipment leased, if any	Deducted on 10th day of each month	We determine all terms and conditions for any equipment leased
Charge Back	Varies, depending on outstanding receivables(3)	Deducted on 10th day of each month	Receivables more than 2 months past date of original invoice are debited against your current revenue account.
Operations Assistance/ Customer Complaint (6)	\$50	Payable in the month the fees are incurred	Applies if we respond to a customer complaint
Service (6)	Currently \$25 per labor hour plus expenses; may charge up to \$50 per hour	Payable in the month the fees are incurred	In addition to the Complaint Fee, we charge for Operations Department time spent rectifying any deficient performance and satisfying the unhappy customer
Advertising (7)	Currently 1.5% but may be increased to up to 2.5% of monthly Gross Revenues (1)	Deducted on 10th day of each month for the prior month	See the detailed notes below (8)

Technology Licensing (8)	1% of monthly Gross Revenue	Deducted on 10th day of each month for the prior month	Payable in consideration for computer hardware and/or the development, license, and/or use of proprietary or third-party software, whether for your use, or our use in connection with services we provide to you
Additional Training (9)	\$50/hour plus expenses	Payable in the month the fees are incurred	No additional training fee is currently charged. The initial training is provided for in the Initial Franchise Fee. Additional training is provided if you request it or if required by us due to performance problems by you. You are responsible for your travel and lodging costs
Transfer of Franchise (10)	The greater of \$2,000 or 10% of the sales price or exchanged value	At time of transfer	Not charged for transfer among current owners, to controlled corporation, limited liability company, or immediate family
Administrative (10)	\$250	Payable as incurred	For preparation of documents to change owners when no transfer fee is charged
Liquidated Damages	\$500/day	As incurred	Payable if you terminate or do not renew the Franchise Agreement and you do not surrender to us all property belonging to us, including the keys and contracts
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable if you fail to comply with the Franchise Agreement and we have to enforce it
Indemnification	Will vary under circumstances	As incurred	You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising from your Jani-King franchise
Audit	All costs and expenses, i.e., reasonable accounting and attorney fees	Immediately, when incurred	Payable only if audit shows an understatement of at least 5% of Gross Revenue for any month
Replacement of Manual (11)	\$50 per copy	As incurred	Cost of replacement copy

Notes: Except as otherwise indicated in the charts and notes, all fees and expenses described in this Item 6 are non-refundable and we uniformly impose all the fees and expenses listed, as applicable, and they are payable to us. Except as specifically stated in this Item 6, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control.

- (1) Royalty Fee. You are required to pay us a non-refundable monthly royalty fee equal to 10% of your Gross Revenues monthly. This royalty will be paid by the 10th day of each month for the prior month's Gross Revenue and is subject to a minimum royalty payment of \$100 per month for the first 12 months of operation (as measured from the month we satisfy you Initial Business Obligation) and \$500 per month after the first year. The minimum royalty fee is subject to annual adjustment for increases in the Consumer Price Index. The Royalty Fee is not refundable.
- (2) Gross Revenue. Gross Revenue means all revenue invoiced by anyone for any contract services, one time cleans, extra work, and the sales of supplies, equipment or goods and any other revenue related to or derived from the provision of any cleaning and/or maintenance services including, but not limited to, commercial, industrial, and institutional, as well as the sale, leasing or distribution of related supplies and equipment in connection with the conduct and operation of your business or otherwise directly or indirectly, in whole or in part, performed or sold by, or for the benefit of, you, your principals, guarantors, spouse(s), officers, directors, shareholders, managers, members, agents, or employees, regardless of the entity or business name used.
- (3) Accounting and Sales Fee. You are required to pay us 7% of your Gross Revenues monthly as an Accounting and Sales Fee. We have the exclusive right to perform all billing and accounting functions for the services provided by your franchise.

We will invoice each month all the customers serviced by you for the cost of the services you render or supplies you provide. We will receive the monies charged on those customer invoices and pay them to you on a monthly basis, after we deduct all the appropriate fees and charges due to us, our affiliates, and to third parties with special credit arrangements for your benefit.

On the 10th day of each month, we will issue you a report summarizing your franchise's business during the previous month. We call this report the "Franchisee Report." On the 10th day of each month, we will disburse to you the amount of money reported in the "Due Franchisee" column of your Franchisee Report for the preceding month less any monies not collected from accounts served by your franchise for prior months ("Charge Back"). If the 10th day of the month falls on a Saturday, Sunday or recognized holiday, then all amounts due to you will be disbursed before the end of the next business day.

- (4) Insurance Requirements. Before beginning operations of your franchise, you must purchase the insurance with the policy limits described below or join our Business Protection Plan. The cost of this insurance will vary, depending on factors that include the charges established by the insurer, terms of payment, prior loss history and the geographic location of the franchise operations. You must also secure Employee Dishonesty/"3-D" Comprehensive Crime Insurance covering you and your employees.
 - Your insurance must name Focus Franchising, Inc., d/b/a JANI-KING OF MADISON and our officers and directors, as well as JKF and JK Int'l. and their officers, directors, and employees as additional insureds. Such additional insured status must be primary and there must be no requirement for contribution from any insurance coverage of Focus Franchising, Inc., d/b/a JANI- KING OF MADISON and our officers, directors and employees and JKF and JK Int'l and their officers, directors and employees. For purposes of Comprehensive General Liability and Excess or Umbrella Insurance, additional insured status shall apply to both ongoing and products and completed operations coverage.
 - All insurance policies must contain a waiver of subrogation favoring Focus Franchising, Inc., d/b/a JANI-KING OF MADISON and our officers and directors.
 - All insurance policies must contain a 30 day notice of cancellation or material change to Focus Franchising, Inc., d/b/a JANI-KING OF MADISON, Attn: Jeffrey Weyker, President, 6472 Ronald Reagan Avenue, Madison, WI 53704.
 - All insurers providing coverage must carry an A.M. Best's Rating of A, 8 or better.

Insurance is required in the following minimum amounts:

INSURANCE REQUIREMENTS

Type	Limits
Comprehensive General Liability	\$2,000,000 (General Aggregate) \$2,000,000 (Products/Completed Operations)
Comprehensive General Liability	\$1,000,000 (per Occurrence)
Business Automobile Liability, including owned, hired and non-owned automobile insurance	\$1,000,000 (per Occurrence)
Excess or Umbrella Insurance	\$10,000,000 (per Occurrence & Aggregate)
Workers Compensation Insurance Employers Liability Insurance	Statutory Limits
Employee Dishonesty/3D Comprehensive Crime	\$50,000 (Employee Theft and Forgery) \$25,000 (Theft of Money and Securities)

These limits may be increased or have new types of coverage added, as circumstances dictate, from time to time by us.

We currently offer you the opportunity to participate in our Business Protection Plan (“BPP”). Participation in the BPP satisfies the majority of the insurance requirements above. Participants in the BPP are provided coverage through group insurance policies. The coverage provided through the BPP’s group insurance policies are not individual insurance policies and the policy limits are shared between all BPP participants. You must still procure Business Automobile Liability, including owned, hired and non-owned automobile insurance at the \$1,000,000 limit of liability on your own. Insurance provided by the BPP does not include coverage for you for operation of personal or business use automobiles, or for your equipment, supplies or real or personal property. The BPP provides the coverages outlined below:

INSURANCE OFFERED THROUGH THE BPP

Type	Limits
Comprehensive General Liability	\$2,000,000 (General Aggregate) \$2,000,000 (Products/Completed Operations)
Comprehensive General Liability	\$1,000,000 (per Occurrence)
Business Automobile Liability, including owned, hired and non-owned automobile insurance	\$1,000,000 (per Occurrence)
Excess or Umbrella Insurance	\$10,000,000 (per Occurrence & Aggregate)
Employee Dishonesty/3D Comprehensive Crime	\$50,000 (Employee Theft and Forgery) \$25,000 (Theft of Money and Securities)

Participation in the BPP is voluntary, and you are not obligated or required to participate.

In addition to the payment of insurance premiums, participation in the BPP includes non-refundable fees paid to us, as payment for the following services: (1) assistance with risk assessment; (2) management of overall claims handling processes; (3) assistance with compliance of workers’ compensation laws; (4) assistance

with risk control; (5) assistance with Certificates of Insurance; (6) insurance coverage analysis; (7) assistance with premium audits; (8) general risk management services; (9) periodic safety training; and (10) other regulatory compliance assistance.

For these services, you will be required to pay an administration fee which may include a profit to us. We will be solely responsible for administering the BPP.

The fee for the BPP may vary depending on the cost of insurance purchased and the amount of insurance premium deductible you pay for insurance claims, if any. The current BPP fee is 4% of your franchise's Gross Revenue per month. In addition, you will be responsible for payment of the administration fee which is \$7 a month if your monthly Gross Revenue is less than or equal to \$5,000 and \$14 a month if your monthly Gross Revenue is greater than \$5,001. If you choose to participate in the BPP, we will deduct the BPP fee and the applicable administrative fee each month from your franchise's Gross Revenue. We reserve the right to discontinue offering the BPP to you upon reasonable notice.

If you choose not to participate in the BPP, you must provide us with a certificate of insurance showing that you have obtained the equivalent amount of insurance coverage with limits as shown above or as established in the Jani-King Policies and Procedures Manual. You must purchase this insurance and supply proof of insurance to us before you will be authorized to begin operations of your franchise. You are also required to keep accurate payroll records. In the event you do not purchase this insurance, we reserve the right to purchase the insurance for you and charge you for the cost of the insurance.

- (5) Equipment Lease through Us. The Additional Electric Equipment required may also be leased from us. If the equipment is leased from us the total approximate cost, depending on which equipment package is chosen, ranges from approximately \$2,700 to \$8,650 based on the rates in use as of August 1, 2023. Total lease payments include a down payment with an approximate range from approximately \$350 to \$1,100 and 12 monthly payments with an approximate range from approximately \$175 to \$550 depending on which equipment package is chosen. At the end of the lease period, you may purchase the equipment for a final purchase payment ranging from \$350 to \$1,100. The terms and conditions of a purchase or lease of any electrical equipment offered by us are determined solely by us, and they may be modified or changed without our consent. Longer lease terms may be available.
- (6) Operations Assistance or Complaint Fee/Service Fee. In order to promote full compliance with all Jani-King System Standards, we will charge you a \$50 Complaint Fee if you do not comply with the time frames allotted for initial response or corrective action to a customer complaint or other performance deficiency, and our staff must respond to the customer. "Serviced" or "respond to" the complaint in this case means communicating with the customer to determine the nature of the complaint and what needs to be done to resolve the situation, and to provide the customer relations necessary to try to protect the account. It does not mean providing commercial cleaning services to the customer to solve the problem. An additional "Service Fee" will be assessed, plus expenses (i.e., labor, materials, supplies, equipment, etc.), for our personnel's time spent on cleaning or maintenance services required to rectify the complaint or satisfy the unhappy customer.

The procedure for charging the Complaint Fee and the Service Fee, plus expenses is as follows:

If at any time, whether through a complaint or inspection, we discover a deficiency in performance at an account you clean, we have 4 hours to make contact with you (attempting to contact you a minimum of once each hour) and report the complaint to you.

The Complaint Fee and the Service Fee, plus expenses, may be charged under either of the following conditions: (a) we cannot locate you during the 4 hour contact period and our Operations Department must respond to the complaint; or (b) we notify you of the complaint, and 2 hours after the opening of the customer's business the next morning, you have not corrected the deficiency in performance to the satisfaction of the customer and us, requiring our Operations Department to respond to the complaint.

Although you will be responsible for inspecting your accounts on a monthly basis, one of our representatives

may also inspect your accounts occasionally in order to ensure that the service of all accounts is being performed according to the cleaning schedule and to the Jani-King System Standards. If we discover a deficiency in performance, whether through complaint or inspection, we may send our own staff to the account and correct all deficiencies in performance. We have sole discretion to determine the urgency and the time frame of when to send our staff to an account.

You must cooperate fully with our staff, and pay a reasonable hourly rate ("Service Fee"), plus expenses and travel time, on each occasion we dispatch our staff to an account in order to correct a deficiency in performance. The current rate for the Service Fee is \$25 per labor hour, but we reserve the right to increase or decrease this rate upon prior notice to you.

If the deficiency in performance requires immediate action to meet the customer's demand for a visit or performance of services at their premises in less than four hours, and we are not able to contact you or you are not available for an immediate visit or to perform services, you will be assessed the Service Fee, plus expenses, for the operations representative's time and effort to satisfy the needs of the customer.

We will charge the Complaint Fee and Service Fee even if the account is transferred to save it. If the account cancels for non-performance, the Service Fee, plus expenses may also be charged. The fees will be payable in the month they are incurred.

- (7) Advertising Fees. You are required to pay us 1.5% of your monthly Gross Revenues as an advertising fee, but may increase this amount to up to 2.5% of your monthly Gross Revenues. This advertising fee is in addition to any monthly royalty fee charged. We have the right to allocate parts of the Fee for certain of our administrative expenses for marketing activities. (See Item 11).
- (8) Technology Licensing Fee. We do currently charge a technology licensing fee of 1.0% of your monthly Gross Revenues for hardware, proprietary or third-party software, and other equipment utilized in the Jani-King system. This Technology Licensing Fee will be in addition to any monthly royalty fee charged. We also reserve the right to increase the technology licensing fee up to a maximum of 5% of your monthly Gross Revenues.
- (9) Additional Training Fee. We will provide a mandatory local, initial training program for no additional fee, which includes classroom instruction and hands-on demonstration of cleaning methods, the Jani-King operating systems and programs using established procedures and forms. We will also offer additional training classes and assistance to you by our staff and other industry experts. In most cases, the additional training is not mandatory; however, you must participate in additional training if you fail to maintain Jani-King performance standards or production rates and we notify you of the required training. At the present time, we do not charge for any additional training. However, the current rate for additional training or other assistance is \$50 per hour, plus expenses. We reserve the right to charge this fee and to adjust the rates in the future.
- (10) Transfer Fee. You may be required to pay a transfer fee in the amount of \$2,000 or 10% of the sales price or exchanged value, whichever is greater, if you sell, assign, transfer, convey or encumber ("Transfer") your franchise. The addition of any party to the franchise and the later deletion of an original party to the franchise will be treated as a constructive transfer, and the Transfer Fee will apply. The Transfer Fee is non-refundable and must be paid on the date of transfer. If you do not receive any monetary compensation or other exchange of value, no Transfer Fee will be charged for a transfer to: (1) any party currently holding an interest in the franchise at the time of the transfer, subject to the above restrictions; (2) a corporation or limited liability company in which the current owners of the franchise retain 90% or greater of the outstanding shares of stock or membership interests; or (3) if the transfer is to one of the immediate members of your family (for the purposes of this section, family members include Franchisee's spouse, mother, father, brother, sister, and children only), whether it is a transfer during your lifetime or upon your death. An administrative fee will be charged to cover necessary and reasonable costs and preparation of the documents associated with the transfer if no Transfer Fee is assessed. The current administrative fee is \$250, but we may increase this fee in the future.
- (11) Replacement of Manual. A \$50 fee will be charged for each replacement manual loaned to you.

- (12) Except as otherwise indicated in the chart above, all fees and expenses described in this Item 6 are non-refundable and we impose all the fees and expenses listed, and they are payable to us. Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes.

**ITEM 7
YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (Note 1)	\$5,000 to \$195,500	Immediate Negotiable Funds	On signing Agreement	Us
Real Estate (Note 2)	\$ -0- to \$5,000	(Note 2)	(Note 2)	(Note 2)
Supplies (Note 3)	\$1,800 to \$2,300	Lump Sum/Installment	Before Opening	Vendors, Us
Equipment (Note 4)	\$2,700 to \$9,750	Lump Sum/Installment	Before Opening	Vendors, Us
Security deposits, license registrations, etc. (Note 5)	\$100 to \$1,000	Lump Sum	Before Opening	Vendors, Suppliers, Utilities, State and Local Agencies
Business Entity Establishment Fees (Note 6)	\$100 to \$1,000	Lump Sum	Before Opening	State and Local Municipalities and Filing Agents
Additional Funds (120 days) (Note 7)	\$800 to \$8,500	As Incurred	As Incurred	Us, Vendors, Employees
TOTAL	\$10,500 to *\$223,050 (Notes 8 and 9)			

*Upper range is open-ended under Plan E. See Item 5.

Notes:

- (1) See Item 5 for the Initial Franchise Fee charged for each available Plan.
- (2) There is no requirement that you purchase or lease any real estate. Some Jani-King Franchisees have offices in their homes and conduct business from there, or they use the office facilities and support services we offer. If you open an office, you must maintain it and all fixtures, furnishings, signs and equipment in good order and condition, and in conformity with the JANI-KING system image as we may establish. The size of the office space obtained would be solely dependent on the size of your business operation. The total cost for deposits, build-out and monthly rent will depend on factors such as the size, condition, and location of the leased premises.
- (3) The Initial Franchise Fee under each of the Plans includes the cost of an Office Supply and Advertising Package. You must obtain those items listed in the Supply and Equipment Package listed in Exhibit III before you will be eligible to service any accounts. This Supply and Equipment Package may be purchased from or through us (subject to shipping restrictions), or from any other source that sells commercial grade cleaning products and equipment.
- (4) You must purchase, lease, or provide proof of ownership of a commercial vacuum cleaner, a commercial floor polisher, a commercial wet/dry vacuum. Also, depending on which of the equipment packages listed in the Additional Electric Equipment in Exhibit III you chose to obtain, you may also be required to obtain either a Compact Portable Vacuum Cleaner (Canister Type) W/Shoulder Strap and Cloth Bag or a backpack vacuum

cleaner including tool package. The Additional Electric Equipment required may also be leased from us. If the equipment is leased from us the total approximate cost, depending on which equipment package is chosen, ranges from approximately \$2,700 to \$8,650 based on the rates in use as of August 1, 2023. Total lease payments include a down payment with an approximate range from \$350 to \$1,100 and 12 monthly payments with an approximate range from \$175 to \$550 depending on which equipment package is chosen. The terms and conditions of a purchase or lease of any electrical equipment offered by us are determined solely by us, and they may be modified or changed without our consent. Longer lease terms may be available. All of the Additional Electric Equipment may be leased or purchased from us.

We require that you have a smart phone capable of sending and receiving emails, such as an Android device or iPhone. Any brand of smart phone is acceptable. The cost of a smart phone varies widely. You can use your existing smart phone, so long as it can send and receive emails.

- (5) You must obtain all proper business licenses, tax registrations, and permits from various state and local agencies before engaging in business. These filing and application fees may range up to \$500 each. If you operate out of your home or lease any office space, costs for a business telephone and office equipment could range from \$100 to \$1,000. A security deposit may also be required by your landlord for the lease of real property. Also, utility companies may require deposits. Security deposits and utility deposits are normally refundable. You must also maintain a business checking account. Your bank may require a minimum deposit and a minimum balance in your account.
- (6) You must purchase and operate your franchise through a business entity that must be registered with the state in which you operate. Your franchise may be purchased through an existing corporation or limited liability company, or you can form a new entity for that purpose. Filing fees and other costs vary greatly based on the type of business entity formed and the jurisdiction in which it is formed. You must also provide us with proof of these registrations before we will be obligated to offer you the right to provide business to accounts.
- (7) This item covers your other initial start-up for expenses, including all other fees you pay to us, payroll, insurance premiums and miscellaneous costs and expenses, such as legal and accounting expenses, for the initial phase of the business. The cost of adequate insurance coverage may vary between \$600 and \$6,000 during the initial phase. The initial phase is considered to be 180 days from when the Initial Offering Period begins.
- (8) These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill; experience and business capability; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during the initial phase. All payments are nonrefundable when paid unless otherwise stated.
- (9) We relied on our experience in the commercial cleaning business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase certain professional products and equipment listed on Exhibit III as the "SUPPLY AND EQUIPMENT PACKAGE" and the "ADDITIONAL ELECTRIC EQUIPMENT," under specifications in the Franchise Agreement and operating manuals. These specifications are established to maintain and support our System Standards. We will notify you of the establishment or revision of standards, specifications, or the designation of approved suppliers through the Operations Manual, Policies and Procedures Manual, and policy memorandums. You have no obligation to purchase or lease these items from us or any designated supplier, but you may purchase them from us subject to shipping restrictions. However, we reserve the right, upon thirty days' notice to you, to require you to purchase all cleaning equipment and supplies for the operation of your franchise from one of our affiliates or from an approved vendor.

During our last fiscal year ending December 31, 2022, we had revenues of \$5,863,637.28. Approximately 0.5% \$31,265.55 of this amount consisted of revenues from the sale or lease of equipment and supplies, rebates from designated suppliers, and the sale of promotional and advertising materials. Also, we have the exclusive right to perform all billing and accounting functions for the services provided and sales of products by your franchise. This service is fully described in Item 6. We currently charge you 7% of your Gross Revenue as an Accounting and Sales Fee for these services. Approximately 6% (\$327,853.50) of our revenue described above consisted of revenues from these services, and from the administration of the Business Protection Plan.

You must obtain our approval before you use any advertising and promotional materials, signs, forms and stationery unless we have prepared or approved them during the 12 months before their proposed use. You may purchase advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from us.

If you choose to operate from a separate business office, we have the right of prior approval of office location, layout, and décor comply with our System Standards. You must maintain your office and all fixtures, furnishings, signs and equipment in good order and condition, and in conformity with our System Standards.

We estimate that the purchase and lease of all goods and services you must make in accordance with our specifications, or that you purchase or lease from us, our affiliates, or from unaffiliated suppliers from whom we receive rebates, represents approximately 85% to 95% of your total purchases in connection with the establishment of your franchise business.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Section 4.12.1	Items 7, 8, and 11
(b) Pre-opening purchase/leases	Sections 4.4, 4.12.1, 4.13.1, 4.16, 4.17, 6.1.1	Items 5, 6, 7, 8, 10, 11 and 16
(c) Site development and other pre-opening	None	Items 5, 6, 7, 11
(d) Initial and ongoing training	Sections 6.1.1(b), 6.3, 6.4, 6.6	Item 11
(e) Opening	Sections 4.4, 6.1-6.8	Item 11
(f) Fees	Sections 4.3, 4.3.1, 4.3.2, 4.5.1, 4.5.2, 4.7, 4.8, 4.8.1, 4.13, 4.13.1, 4.13.5, 4.13.7, 4.14, 4.19.3, 4.19.4, 4.19.5, 4.19.6, 6.6, 6.8, 10.2, 10.3	Items 5, 6, 7 and 11
(g) Compliance with standards and Policies/Operating Manual	Sections 4.1.3, 4.2.1, 4.22, 8.1, 8.2, 8.3	Item 11
(h) Trademarks and proprietary information	Sections 4.1, 4.20, 4.24, 5, 6.7	Items 13 and 14
(i) Restrictions on products/services offered	Sections 2.1, 4.1	Items 8, 12 and 16
(j) Warranty and customer service requirements	Sections 4.11, 4.19, 4.21	Item 11
(k) Territorial development and sales quotas	None	Item 12

(l) On-going product/service purchases	None	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 4.12, 4.12.1, 4.19.1, 4.19.2	Items 11 and 17
(n) Insurance	Section 4.13, 4.13.1-4.13.10	Items 6, 7 and 8
(o) Advertising	Sections 4.1.5., 4.1.6, 4.5, 6.2	Items 6, 7 and 11
(p) Indemnification	Sections 4.11, 4.13, 4.13.2, 4.14	Item 6
(q) Owner's participation/management/staffing	Section 4.2.2	Items 11 and 15
(r) Records and reports	Sections 4.8.1, 4.10.1	Item 11
(s) Inspections and audits	Sections 4.10-4.10.2, 4.19-4.19.8	Items 6 and 11
(t) Transfer	Section 10	Items 6 and 17
(u) Renewal	Sections 9.2-9.4	Items 6 and 17
(v) Post-termination obligations	Sections 4.22, 4.23, 5	Item 17
(w) Non-competition covenants	Section 5	Item 17
(x) Dispute resolution	Sections 12.9, 12.9.1, 12.9.2	Item 17

ITEM 10 FINANCING

We are not obligated to offer financing for the Initial Franchise Fee but may offer financing in the future. (See Item 5 for purchasing options).

Equipment Lease

We provide lease arrangements for most of the equipment you will use in your franchise. We may modify the terms and conditions of any leasing arrangement as we consider appropriate. Lease arrangements may vary depending on a particular piece of equipment leased. Our standard Equipment Lease Agreement is included in this Disclosure Document as Exhibit IV. The period of repayment will depend upon the equipment leased but is usually from 12 to 24 months. The security interest required is a personal guaranty, the equipment leased, and any insurance proceeds which may be due to you upon destruction or theft of the equipment. There is no penalty for prepayment of the remaining amount due under the Equipment Lease Agreement. Your potential liabilities upon default include our costs for correcting the default, termination of the lease, our repossession of the equipment, the application of your security deposit toward any amounts owed, legal costs, and any other remedy allowed by law, including the cancellation of your franchise agreement. As a corporation, or other limited liability entity, the lease must be guaranteed individually by all owners, members, manager, officers and directors. If you are married and your spouse is not a partner in the franchise business, your spouse must personally guarantee the lease. Once you make the final lease payment, the equipment is yours.

Our Guarantee of Your Supply and Equipment Purchases

We negotiate purchase arrangements, including price terms and a limited, guaranteed credit line, with designated and approved suppliers on behalf of the franchisees in our region. For these designated suppliers, we guarantee on your behalf up to \$300 on account for ongoing supply purchases. We also provide an automated payment service for your supply and equipment purchases from these designated suppliers. Our criteria for supplier approval are based on quality controls, the capacity to supply your needs promptly and reliability, price management, and product knowledge and support. If a supplier fails to maintain the criteria required for designated status, we will notify you prior to the reporting period in which the designation will be revoked. There is no charge to you for this guarantee, but we receive a rebate from the designated suppliers that ranges from 5% to 10% of the amounts you purchase.

We reserve the right to assign or factor any promissory notes or leases. Except as disclosed in the information above about our arrangements with designated suppliers, we do not receive direct or indirect payments for the placement of

financing. Except as disclosed in the information above about the limited guaranty we provide to designated suppliers, we do not guarantee your obligations to third parties.

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

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

Pre-Opening Obligations

Before you open your business we will:

1. Grant you the right to operate a JANI-KING franchise and a license to use the JANI-KING marks in a non-exclusive, specific geographical territory. (Franchise Agreement: 3.1., 6.7).
2. Provide you with the Office Supply and Advertising Package listed in Exhibit III. (Franchise Agreement: 6.2).
3. Loan you one copy of the Jani-King Policies and Procedures Manual, Safety Manual, and Operations Manual (together the "Manuals"), that may consist of such materials (which may include audiotapes, videotapes, DVDs, magnetic media, computer software and written materials) that we generally furnish to franchisees for use in operating Jani-King businesses. The Manuals contain mandatory and suggested specifications, operational and performance standards, operating procedures and rules ("System Standards") that we prescribe from time to time. The Manuals may be modified periodically to reflect changes in System Standards. (Franchise Agreement, Sections 6.3)
4. Provide you with an initial training program to include the cleaning processes, methods, materials, equipment, forms and promotional Plans developed by JANI-KING. This training is described in detail later in this Item. (Franchise Agreement: 6.4).
5. Certify you as an authorized JANI-KING franchisee after you complete the training, provide proof that your business entity is in existence and is in good standing in the state in which you will operate the franchise, provide proof of registration with all applicable taxing authorities, provide proof of a business checking account, acquire the necessary equipment and supplies (including a smart phone with mobile email access), and provide proof of required insurance. (Franchise Agreement: 6.1.1).
6. Provide you the lists of products required to begin operation of your franchise. We also provide some of these items directly to you. See Item 8 for details of the supplier arrangements we establish and the specifications for the supplies and equipment. (Exhibit III).
7. Approve or disapprove your site if you choose to operate from an office outside your home and the facilities we provide for you. We will make sure the appearance complies with the JANI-KING standards, but we do not help in site selection. (Franchise Agreement: 4.12.1).

Post-Opening Obligations

After you open your business we will:

1. Offer you the right to provide service under commercial cleaning and/or maintenance contracts that in total would provide a minimum in gross monthly billings in an amount defined as the "INITIAL BUSINESS" in the Franchise Summary of the Franchise Agreement. All contracts will be the property of Jani-King. The Initial Business is not stated as a specific amount of revenue, but instead, is the total of the monthly billing rates for all the cleaning contracts offered to you to service as Initial Business. (Franchise Agreement: 6.1.1).

Plan	Initial Business (\$)	Initial Offering Period (Days)
D	10,000	300
C	7,500	240
B	5,000	210
A	2,500	180

Note 1-1. Time to Offer the Initial Business.

The right to provide service to these contracts will be offered during the “INITIAL OFFERING PERIOD,” which time period begins on the date you complete the initial training program to our satisfaction, provide proof that your business entity is in existence and in good standing, provide proof of registration with all applicable taxing authorities, obtain all required equipment and supplies (including a smart phone with mobile email access), and provide proof of required insurance.

Under the “A” Plan the Initial Offering Period is 180 days. Under each level of the Plan, the Initial Offering Period is calculated as the total of: 180 days, plus an additional 30 days for each level higher than the Plan “A”, beginning with level B. Level D and higher plus an additional 60 days.

Example:

$$\begin{aligned} \text{B [180 + 30 (2nd level)]} &= 210 \text{ days} \\ \text{C [210 + 30 (3rd level)]} &= 240 \text{ days, etc.} \end{aligned}$$

We will make a good faith effort to secure accounts and offer you the right to perform the services as soon as possible, but we will have the total period to offer the Initial Business under each Plan, and we are not obligated to offer any portion of the Initial Business before the end of that time. We calculate the Initial Offering Period from the date you sign the Acknowledgment of Completion of Training, provide proof that your business entity is in existence and in good standing, provide proof of registration with all applicable taxing authorities, obtain all required equipment and supplies (including a smart phone with mobile email access), and provide proof of required insurance.

Note 1-2. We may automatically extend the actual time to secure and offer the Initial Business to you, at our sole discretion, under the following conditions:

- (1) If you make a written request for a delay in the offering of all or part of the Initial Business, and we agree to the postponement. Before we resume offering any other business to you, you must provide us notification, in writing, as to when you are ready to accept other business. We may require you to provide documentation that you are performing services satisfactorily at your existing accounts.
- (2) If you are in default under the terms of the Franchise Agreement or any other agreement between you and us.
- (3) If you fail to comply with any policies or procedures within 7 days after we notify you of non-compliance.
- (4) If any of the Initial Business previously provided to you requests a transfer to another franchisee or requests to be canceled due to non-performance.

Note 1-3. If the Initial Offering Period is extended based on a transfer or cancellation of an account, we will not offer any other accounts toward fulfillment of the Initial Business obligation, nor will we offer any “additional

business” until you successfully complete the additional training as required by our Regional Office.

Note 1-4. If the Initial Offering Period is extended, the time allowed for us to offer the balance of the Initial Business to you will be the remaining portion of the Initial Offering Period or a minimum of 180 days, whichever is greater, from the date you: (1) notify us you are ready for other business (and provide any required documentation), (2) cure any default of the Franchise Agreement or violation of policies and procedures, or (3) complete the required additional training.

Note 1-5. All accounts offered will apply toward the Initial Business as specified in the Franchise Agreement, whether or not you accept or decline the offered business. Our obligation is to secure and offer to you the right to provide service to those accounts within the specified time. However, you might choose not to accept some of the accounts offered. That is why the Franchise Agreement says that we will secure and “offer” you the right to provide service to those accounts. We can only make a good faith effort to offer the amount of Initial Business for the Plan specified, and you must choose to accept or decline the “offer.” We do not guaranty that the Initial Business will reach or remain at the stated level of the Plan you purchase throughout the term of the Franchise Agreement. We have no obligation to offer you the right to provide service to any additional accounts after we have offered you the right to provide service to the Initial Business.

We intend for the accounts offered under the Initial Business to continue for at least one year. However, an account might not continue in business beyond the Initial Offering Period at no fault of yours. Under this circumstance, we have met our obligation to “offer” the business within the required time. Under either of the situations where you decline an offer to service an account or an account cancels at no fault of yours, we are relieved of our time obligation regarding the Initial Offering Period for that amount of gross monthly billings. However, we will endeavor to provide you the right to provide service to initial business equal to the difference between your Initial Business obligation and the total amount of gross monthly billings of the accounts that you accepted and serviced for a full 12 months. Those accounts which are transferred or canceled due to your failure to perform according to JANI-KING standards will not be replaced. The procedures that apply to accounts offered as part of the Initial Business which are transferred or cancelled are described in more detail in Note 1-7 below.

Note 1-6. Partial Refund if Initial Business not offered within Initial Offering Period.

If we are unable to secure and offer you the full amount of Initial Business within the time frame allocated for the Initial Offering Period, an amount equal to three (3) times the amount of Initial Business not offered to you will be refunded. Any refund will be first applied to any outstanding balance or other obligation you owe us, with the remaining sum, if any, paid to you. A refund under this provision will fulfill our obligation to offer any remaining portion of the Initial Business.

Note 1-7. Transfers or Cancellation of Initial Business.

The following procedures apply if any account you are servicing as part of the Initial Business requests a transfer to another franchisee or cancels the cleaning contract:

- (1) If an account cancels or is transferred to a new franchisee due to non-performance, theft, your failure to service the account properly, customer relations problems caused by you, or your failure to comply with the Policies and Procedures Manual, we will not replace the account.
- (2) If an account cancels at no fault of yours before you service the account for 12 full months, the full gross monthly billing value of that account will be replaced within a reasonable period of time by another account, at no additional cost to you. This provision applies until you have serviced that replacement account for the remainder of the initial 12 month period. If any replacement account has a greater value than the original account, the excess will be applied to the obligation of other Initial Business.

EXAMPLE: An account with a monthly gross billing of \$1,000 per month cancels after seven months through no fault of yours. We will replace the account with one or more accounts having cumulative

gross monthly billing of at least \$1,000 per month. If any of the replacement accounts also happen to cancel at no fault of yours at any time during the next 5 months you service the account(s), we will replace the replacement account(s) with other account(s). If the cumulative gross monthly billings of the replacement accounts exceed \$1,000, the monthly billing in excess of \$1,000 would apply against other Initial Business obligation, No other obligations exist for us to replace the contracts if the contracts are canceled before the full term.

2. Handle all billing and accounting functions for the services and supplies you provide to your customers. We will disburse to you on the 10th day of each month, all monies due you as reported on the Franchisee Report after we deduct all the appropriate fees, charges and any other amounts due to us, our affiliates, and to third parties with special credit arrangements for your benefit. (Franchise Agreement: 4.8, 4.8.1).

Other than monthly invoicing, we are not required to engage attorneys, commence litigation, or perform any other acts in order to secure payment from businesses you service.

3. Provide you with marketing and technical assistance, and consultation and advice on operating procedures.

We will continue to provide appropriate assistance and guidance until you have been offered the right to service business with the gross monthly billing as required by the plan purchased. This guidance will, at our discretion, be furnished in our operating manuals, bulletins or other written materials and/or during telephone consultations, electronic mail, training programs, meetings, conferences and/or personal consultations at our office or at a mutually convenient place. (Franchise Agreement: 6.3, 6.58).

4. Provide you additional training and support at reasonable rates we establish by policies and procedures, currently at a rate of \$50 per hour, plus expenses. (Franchise Agreement: 6.6).

5. Have available for you promotional materials, sales and service manuals, and other materials as they are developed that are relevant to the operation of your franchise for which a charge may exist (Franchise Agreement: 6.8).

6. Offer you the option to participate in the contributory Business Protection Plan, which includes your minimum insurance required for the franchise. (Franchise Agreement: 4.13.1, 4.13.7).

7. We may from time to time perform periodic quality control visits to each location under your care. During these visits we will inspect and evaluate the quality of the cleaning services you are providing for the customer. We will make recommendations on how to correct deficiencies, improve techniques, and enhance the efficiency of those services. We will have an operations representative available to answer routine questions or to assist you with problems during normal business hours. (Franchise Agreement: 4.19.2).

8. Provide consultation and service at your customer locations or at our office for an hourly rate established by us plus reasonable expenses. Currently, the rate is \$50 per hour. This rate is subject to review and may be changed at our sole discretion. (Franchise Agreement: 4.19.3).

9. Issue, modify and supplement system standards for your franchise. We may periodically modify system standards and procedures, which may accommodate regional or local variations as we determine, and these modifications may require you to invest additional capital in your franchise business and/or incur higher operating costs. (Franchise Agreement: 4.23).

10. Establish, amend or revise company policies and/or procedures pertaining to the operation of your franchised business and distribute them through the Policies and Procedures Manual, policy directives, or memos. (Franchise Agreement: 4.22).

11. We may offer you the right to provide service to additional or new business upon your request and proven ability to expand your level of productivity.

We will not provide any other supervision, assistance, or service during the operation of the franchise business.

Advertising

You must pay us 1.5% of your monthly Gross Revenue as an Advertising Fee to be used for advertising on a local, regional, or national basis (Franchise Agreement – Section 4.5.2). All or a portion of the 1.5% Advertising Fee may be paid to JK Int'l for participation in its National Advertising Program, which is controlled in its sole discretion and is intended to be used to maximize general public recognition and acceptance of the Marks and enhance the collective success of the entire Jani-King system.

For the fiscal year ending December 31, 2022 we collected a total of \$87,948.84 in Advertising Fees from franchisees. We contributed \$57,154.00 to JK Int'l for the National Advertising Program, all of which came from franchisee contributions. Of the remaining sum received from franchisee contributions on local advertising (not including any expenditure for advertising for franchise sales), we spent \$27,833.26 on local advertising and sponsorships, leaving an ending balance of \$0.00.

During its fiscal year ending December 31, 2022, JK Int'l spent 58.34% of the consolidated Advertising Fee collected from franchisees in all related franchising entities on sponsorship affiliated marketing, .14% on video and other marketing material product, 37.61% on digital marketing strategies and products, 2.52% on print advertising and public relations, 0.04% on trade show related expenses and 1.35% on miscellaneous advertising expenses.

Any balance not paid to JK Int'l or spent by us will be used by us to expand recognition of the Jani-King system in the territory as follows:

1. We will direct all local and regional Advertising Programs and will have sole discretion to approve or disapprove the creative concepts, materials and media used in these programs and give suggestions to JK Int'l on its National Program. In using the fee, no one is required to make for you expenditures which are equivalent or proportionate to your payment or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.
2. The fee may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including the cost of preparing and conducting Internet Web Page, television, radio, magazine and newspaper advertising campaigns; direct mail, sponsorships, and outdoor billboard advertising; public relations activities; employing advertising agencies; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). Portions of the fee will be used to defray any of our administrative costs incurred in activities reasonably related to Advertising Programs. This fee is a payment to us and JK Int'l for advertising and related costs and we do not have any duty to you related to the use of the fee.

We currently advertise or may advertise Jani-King services in various forms of media, including the Internet, television, radio, magazine and newspaper advertising campaigns, direct mail and outdoor billboard advertising. Our print advertising may also include general business magazines, direct mail, vehicle signage, and yellow page directory listings. Our advertising also includes public relations, telemarketing, video, and audio tapes and various point-of-sale items. The majority of our advertising is currently developed by members of our staff and JK Int'l and IMG Sports Marketing. We may use local, regional, and national advertising agencies or media personnel to assist us in the development and placement of advertising on an as needed basis.

No advertising funds are used to solicit the sale of franchises. Except for permitted administrative expenses, neither we nor any of our affiliates receives any payments for providing advertising goods or services. Neither we nor any of our affiliates make payments into an advertising fund (except for the portion of your Advertising Fees that we pay to JK Int'l for the National Advertising Program). There is no advertising council for Franchisees who advises us or JK Int'l on advertising policies. Any part of an advertising fund that is not used in one fiscal year is carried forward to the next fiscal year. The advertising funds are not audited. No periodic accounting of advertising funds is provided to franchisees, and there are no financial statements for the advertising fund available for review by franchisees. We are not required to spend any amount of any advertising fund for advertising in your territory.

You must obtain our approval before you use any advertising, promotional materials, signs, forms and stationary. You are not permitted to maintain your own website. You may purchase advertising and promotional materials, brochures, fliers, forms business cards, and letterhead from us. You are not required to participate in any local or regional advertising cooperative.

Computer Systems

You are required to have a smart phone capable of sending and receiving email, such as an Android device or iPhone. You are also required to have a valid, operational email address. We do not require use of a computer system or an electronic cash register.

Office Location

The factors which we consider when approving non-residence locations include general location and neighborhood, whether any other businesses operate out of the same premises, and whether the location will result in damage to our image and reputation.

Manuals

The Tables of Contents of our applicable manuals are included in Exhibit VII. As of the date of this disclosure document, our four operating manuals consisted of a total of 473 pages.

Time to Opening

“Operational” or “open” means that you have been granted a franchise, provided proof that your business entity is in existence and in good standing, provided proof of registration with all applicable taxing authorities, provide proof of a business checking account, provide us with your certificate of formation and certificate of good standing, successfully completed the initial training, acquired the necessary equipment and supplies (including a smart phone with mobile email access), and provided proof of required insurance, and are authorized by us to begin servicing accounts. The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of the business is 30 days. However, the length of time may range from 10 days to 6 months or more, depending on when you are available to begin the training program, complete the training, and fulfill all other requirements listed above. The exact time when your business will commence depends on the specific fact situation of each individual franchise.

Training

We will provide initial training on the operation of your franchise business to you, and you must attend and complete, to our satisfaction, our initial training program within 6 months after the signing of the Franchise Agreement. Successful completion of the training program is mandatory.

We will conduct this training at our local regional office and 1 or more local customer locations we designate. Initial training programs are offered at various times, and we Plan to be flexible in scheduling training to accommodate you and our personnel. Typically, there is at least 1 training class offered each month, but this may vary.

The training program we offer generally will consist of at least 8 training sessions, held usually in the evenings and on weekends over a 2-week period, and includes approximately 40 hours of instruction and self-study. The program provides training in JANI-KING methods and practices of professional cleaning services, management, sales and promotional techniques. The training program includes information about production procedures and rates, marketing, and management matters presented through classroom lectures and discussions, actual demonstrations, printed manuals, video presentations, formal instructions, and practical hands-on training. The home study materials include video training tapes on cleaning techniques that you may later use for your personnel.

Our initial training will generally be conducted by persons who are active operations and administration managers and staff from our regional office that will be supporting you. The person(s) conducting the initial training will have at least six months experience in the commercial cleaning industry. We also expect to draw on the substantial experience of our management, personnel of the designated suppliers in our region, and occasionally from other experienced

franchisees.

There are no additional fees for this initial training, but you are responsible for any travel and living expenses which you and your principals incur in connection with the training. Normally, no travel or living expenses will be necessary as training will be conducted at our regional office or on the premises of businesses that are being serviced by another franchisee, all within commuting distance of your residence.

We will provide additional training, seminars and refresher courses to you at your option, but except in the case where you had an account transfer or cancel due to improper operation of your franchise, attendance is not required. There currently is no charge for the additional training or refresher courses, and although we do not charge for any special assistance or additional training of any franchisee, we may charge up to \$50 per hour, plus expenses for other assistance which we provide you.

The subjects covered, the type of instructional material, and the hours of classroom and on the job training in the initial training program are described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Policies & Procedures	3.0	0.0	MADISON, Wisconsin
Restrooms	1.25	0.5	MADISON, Wisconsin
Offices	1.25	1.0	MADISON, Wisconsin
Hard Surface Floor Care	5.5	5.0	MADISON, Wisconsin
Carpet Care	1.5	1.0	MADISON, Wisconsin
Supplies & Equipment	2.0	0.5	MADISON, Wisconsin
Sales & Marketing	2.0	0.0	MADISON, Wisconsin
Communications	2.0	0.0	MADISON, Wisconsin
Personnel	2.0	0.0	MADISON, Wisconsin
Administration & Reporting	2.0	0.0	MADISON, Wisconsin

ITEM 12 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 license you and offer you the right to provide services under your franchise agreement in a specific, non-exclusive, geographical territory that will be designated in the Franchise Agreement as one or more counties in the Madison area (see Item 1 for a description of the Madison area). We have other franchisees that also are permitted to use our trade name or trademark in the same territory. We have also established, or may establish, a company owned outlet, or “in house” operation, using our trade name or trademark in the same territory that may compete with your franchise. No franchisee will be granted an exclusive area or territory.

You and the other franchisees must not knowingly interfere, solicit, or otherwise contact in any manner a current customer or prospect of another JANI-KING franchisee or of our regional office, unless we request you to do so in writing. If a franchisee solicits a potential customer and discovers that the customer will be receiving, or has already

received a JANI-KING proposal delivered by another franchisee or our Regional Office staff member, the franchisee may not pursue any further solicitation of that account, and must withdraw any proposal until a decision has been made on the original proposal currently under consideration, or for a maximum of 60 days from the date on that proposal.

We may monitor the performance reports on some accounts serviced by you and perform periodic quality control visits to locations serviced by you. During these visits, we may evaluate the quality of the cleaning services and discuss customer service with the client. If a deficiency in performance or customer service is brought to our attention, we will notify you of the deficiency according to the policies and procedures. In the event the deficiency continues, we may suspend or terminate your right to service the account. We may then transfer the right to service the account to another franchisee.

We may also solicit additional business from customers where you are providing service. If the additional services contracted for are for a facility where you are currently providing service and if you are providing acceptable service and customer service, we may offer you the right to provide service for the payment of applicable Finder's Fees.

If we offer you the right to provide such service and you do not choose to accept the offer, we may designate another franchisee to provide the additional service. If the additional business is located away from the facility you are servicing for that customer, we will determine which franchisee will be designated to service the business, and we are not obligated to offer it to you.

Our staff must approve all proposals and contracts for services. You are not allowed to solicit or accept accounts outside of your designated territory using the Jani-King Marks or any other aspect of the Jani-King System. All services provided by you must be made under an approved JANI-KING Maintenance Agreement where we are a party to the agreement, and we must prepare all proposals for solicitation of accounts by you in order to maintain consistency in accuracy and quality of appearance.

You may purchase more than one franchise unit within the territory, either from us or from an existing franchisee; and we will recognize your interest in multiple units. However, all transactions between you and us about any operation of your franchise business will be controlled by the most recent franchise agreement. If you choose not to formally merge the multiple interests into one franchise, you may later transfer a franchise unit without affecting your other interest.

The Franchise Agreement does not give you a right to relocate your franchise to another territory.

There is no minimum sales quota or market penetration contingency affecting your franchise.

We do not intend to establish any other franchise with similar services or products under a different trademark, but we may establish a system of retail supply stores that may operate under a different trade name or trademark.

ITEM 13 TRADEMARKS

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating your franchise (the "Jani-King Marks"). Our primary service marks are the word mark, "JANI-KING," and the JANI-KING logo with the dot on the letter "I" in "JANI" formed by an outline of a crown as shown in the upper left corner of the cover sheet to this disclosure document. JK INT'L owns the JANI-KING marks and we are licensed to use them.

JK INT'L registered the marks on the Principal Register of the United States Patent and Trademark Office and has filed all required affidavits and renewals:

Mark	Federal Registration Number	Registration Date
JANI-KING (logo)	1,399,797	July 1, 1986
JANI-KING (word)	1,472,588	January 12, 1988
THE KING OF CLEAN	2,599,370	July 23, 2002

You must follow our rules when you use the Jani-King Marks. You may not use the Jani-King Marks as part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must use the Jani-King Marks only for the operation of your franchise as specified in the Franchise Agreement, and you cannot use any of the Jani-King Marks for the performance or sale of any unauthorized services or products or in any other manner we do not authorize in writing.

We are not aware of any effective material determinations by the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or of any court, nor are there any pending infringement, opposition or cancellation proceedings or any pending material litigation involving our principal marks, which are relevant to their use in this state or in any other state in which the franchise business is to be located.

We know of no superior prior rights or infringing uses that could materially affect your use of these marks in any state where your franchise business will be located. No agreements limit our rights to use or license the use of the marks listed above in a manner material to the franchise.

Our rights to the Jani-King Marks, the right to grant you non-exclusive licenses under the Jani-King Marks, are derived from our Regional (Master) Franchise Agreement with JKF, granting us the non-exclusive right to use the Jani-King Marks and to grant franchisee sublicenses to the Jani-King Marks, under the terms and conditions of the Regional (Master) Franchise Agreement. JKF is a wholly owned subsidiary of JK INT'L, which owns the Jani-King Marks and has licensed JKF to grant us these rights through an intercompany license. Our Regional (Master) Franchise Agreement with JKF allows us to grant you the right to use the Marks so long as we are fulfilling our obligations under the Regional (Master) Franchise Agreement. Our license is revocable for material breach of the Regional (Master) Franchise Agreement if we do not cure or begin to cure any breach after notice from JKF. We know of no other agreements currently in effect which significantly limits our rights to use or license the use of the Jani-King Marks in any manner material to you.

We are not obligated to protect your rights to use these marks or to protect you against claims of infringement or unfair competition that result from your use of the marks within the terms of the Franchise Agreement, although we intend to do so when that action is in the best interest of the JANI-KING system.

We may change the system and may require you, among other things, to adopt and use new or modified trademarks. You must promptly accept, implement, use and display these additions, modifications and changes in the operation of the franchise business at your sole cost and expense.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

No patents are material to the franchise.

We and JK INT'L claim copyrights in the manuals; advertising, training and marketing materials; and the business methods and processes used in the operation of the franchise. These copyrights have not been registered with the United States Registrar of Copyrights.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. No agreements are currently in effect which significantly limit our right to use or authorize our franchisees to use the copyrighted materials. Neither we nor JK INT'L know of any infringing uses which could materially affect your use of the copyrighted materials in any state. Neither we nor JK INT'L are required by any agreement to protect or defend copyrights, patents, or confidential information, although we intend to do so when that action is in the best interest of the JANI-KING system.

Confidential Manuals

You must operate the franchise according to the System Standards and policies and procedures specified in the Manuals. We will loan 1 copy of the Manuals to you for the term of the Franchise Agreement. You must treat the

Manuals and any other materials we create or approve for use in the operation of your franchise, and the information in them, as confidential.

We may revise the contents of the Manuals and you must comply with each new or changed standard. You must also ensure that the Manuals are always kept current. If there is a dispute as to the contents of the Manuals, the terms of the master copy maintained at our corporate office will be controlling.

Confidential Information

We and JK Int'l claim property rights in all the information about the operational, sales, promotional methods and techniques, and marketing methods and techniques of the Jani-King system. We claim proprietary trade secret rights in information like lists and files, and other compilations of information pertaining to the Jani-King system of doing business, which information includes (a) Jani-King manuals and forms, the information contained and compiled in the manuals and forms, and the updates and memoranda relating to the manuals and forms; (b) names of Jani-King's agents, suppliers, and customers, and their requirements, specifications, and preferences; (c) the contractual arrangements between Jani-King and its agents, suppliers, and customers; (d) the financial details (including but not limited to credit and discount terms) of Jani-King's relationship with its agents, suppliers, or customers; (e) the names of prospective Jani-King customers and their requirements, specifications, and preferences; (f) information concerning the remuneration paid by Jani-King to its employees; (g) Jani-King's accounting software and forms; (h) information concerning and presented at Jani-King meetings; (i) security and access information; (j) information provided through initial and ongoing specialized training; (k) Jani-King's business plans and strategies; and (l) similar information. All such lists, files, other compilations of information, and the information contained in such materials (whether or not denoted, labeled, or marked as confidential) is considered confidential and will be and remain our exclusive property, even if compiled or developed by you (including your officers and directors, if you are a corporation, and your employees) in connection with your business under the Franchise Agreement. You must provide us, upon our request, with a list of all customers you are servicing and copies of their respective contracts.

You and your principals must not use or communicate, either during or after the term of the Franchise Agreement, the contents of any confidential manuals or forms, or any other trade secrets or confidential information about the operation of the franchise or of the Jani-King system, except as provided for in the Franchise Agreement. You must also use all reasonable efforts to maintain this information as secret and confidential, and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person without our written permission.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must participate personally in the direct operation of the franchise business. Your franchise will be responsible for the services performed at the customer locations where you provide service, and you must provide all labor, materials, tools and supplies necessary to service those premises. You must perform those services in a good and workmanlike manner, to the satisfaction of the customer and in accordance with our system standards. You must also maintain an acceptable relationship with the customer contact person. You are required to hire at least one employee for your business, other than yourself. You and your employees also may be required to undergo background checks as a condition of being offered the right to provide services to some of customer locations.

We believe that only a person with an ownership interest can adequately ensure that the standards of quality established by us are being provided to the customer. You must be directly involved in the day-to-day operations. While you are required to hire one employee and you may hire additional employees for the labor-intensive portions of the business, we have built our reputation on the "owner-management" concept and believe it is mandatory for continued success.

The typical JANI-KING service contract is for a one-year term and may be renewed by the customer for additional periods of one year. The quality of your work and your relationship with the customer contacts are the primary factors in retaining the service contract. It is our belief that consistent, quality service provided at a competitive production rate

and good customer relations, achieved by your direct involvement in the operation of the franchise business, is an important factor in the continuation of the service contract.

Your owners, directors, officers, members and managers must sign an agreement to personally and unconditionally guarantee your obligations under the Franchise Agreement and agree to be personally bound by, and personally liable for, the breach of every provision of the Franchise Agreement. The owners must agree to maintain confidentiality of the proprietary information described in Item 14 and to conform with the covenants not to compete described in Item 17. The form of that “Guaranty” agreement is attached to the Franchise Agreement at Exhibit I.

If you employ any individual in a managerial position, you must also obtain the execution of covenants not to compete like the provisions in the Franchise Agreement. You must also require an agreement to maintain the confidentiality of information they receive or have access to, based on their relationship with you.

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

You must offer for sale all types of products, and perform all services, that we require for JANI-KING businesses. You may not offer for sale any types of products or perform any services that we have not authorized. You are limited in the operation of the franchise business to the offering of cleaning services and supplies to the public. Our system standards may regulate required or authorized products, product categories and supplies. We have the right to change the types of required and/or authorized goods and services without limitation.

We also designate some goods and services as optional for qualified franchisees. We may require special training and certification before we will allow you to offer these goods and services.

All proposals for services made by you to either current or prospective customers must be reviewed and approved by our staff. All contracts and agreements for services must be in our name and signed by one of our employees. You must not solicit business outside of your designated territory.

You must not knowingly interfere, solicit, or otherwise contact in any manner a current customer or prospect of another JANI-KING franchisee or of our regional office unless we request you to do so in writing. If you solicit a potential customer and discover that the customer will be receiving, or has already received a JANI-KING proposal delivered by another franchisee or our regional office staff member, we will not allow you to pursue any further solicitation of that account, and you must withdraw any proposal until a decision has been made on the initial proposal currently under consideration, or for a maximum of 60 days from the date on that proposal.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 9.1	10 years.
b. Renewal or extension of the term	Section 9.2	If you are in good standing, you can renew or extend the term of your franchise on our then current terms for 3 additional 10-year periods.

c. Requirements for franchisee to renew or extend	Sections 9.2, 9.3, 9.4	You must give us written notice of your desire to renew 8 to 12 months before the end of the term. You must sign a new agreement and a general release.
d. Termination by franchisee	Not applicable	No early termination by you.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	Section 8.1, 8.2, 8.3	We can terminate only if you commit a default.
g. "Cause" defined – curable defaults	Sections 8.2, 8.3(a)-(j)	We can terminate you for engaging in conduct that reflects unfavorably on the operation and reputation of the JANI-KING system if you fail to cure such default in 24 hours. The following defaults, if not cured within 30 days after we have given you written notice, may result in termination: failure to comply with any provisions of the Franchise Agreement or other agreement between us and you; failure to pay any monies due us, our subsidiaries or affiliates, or others when due; enter a contract with or take payment directly from a customer without our approval; failure to submit required financial information or make false statements about it; failure to pay all taxes and employee related withholdings relating to the operation of your franchise; failure to keep your business entity active and in good standing; failure to maintain the standards that we require in the Franchise Agreement, or Manuals; failure to obtain any require approvals; misuse of JANI-KING marks; insolvency or bankruptcy.
h. "Cause" defined – non-curable defaults	Sections 8.1(a)-(g)	Non-curable defaults include conviction of, pleading guilty or no contest to, or receiving deferred adjudication for a felony, crime of moral turpitude, or certain other crimes or a plea down to a lesser crime when initially charged with a felony; disclosure of confidential information; abandonment; unauthorized transfer; material misrepresentations when you purchase the franchise; repeated failure to comply with Franchise Agreement or Manual requirements, even if corrected; or if you are declared insolvent or bankrupt.

i. Franchisee's obligations on termination/non-renewal	Sections 4.27, 4.28	You must immediately cease use of all JANI-KING marks, trade secrets, and all aspects of the JANI-KING system; You must immediately return to us all advertising matter, products or writing that contain JANI-KING's trade name, logo, or copyright, and any information of a proprietary nature; you must also return to us all keys to buildings, security passes and/or codes, all our customer contracts and all our equipment. You must pay us all sums due. If you claim to have terminated or failed to renew and refuse to return the items described above, you must pay us \$500 per day as liquidated damages. (Also see Non-competition below.)
j. Assignment of contract by franchisor	Section 10.6	The Franchise Agreement is fully assignable by us.
k. "Transfer" by franchisee - defined	Section 10.1	Includes transfer of Franchise Agreement or assets or ownership change.
l. Franchisor approval of transfer by franchisee	Section 10.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Sections 10.2, 10.3, 10.5	New franchisee qualifies; you are in full compliance with your Franchise Agreement; you pay us all amounts due; transferee and its managers have satisfactorily completed our training program ¹ , transferee executes our then-current form of Franchise Agreement; transfer fee paid; we approve written agreements regarding transfer; you supply us with any additional information we require; you provide, as a personal covenant to the transferee, in addition to your covenants to us, an agreement not to compete in the janitorial services industry for a period of 2 years after transfer, nor to seek to divert business from us and our franchisees; and you sign a general release and other documents we require. (Also see Non-competition below.)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11	We have a right to acquire your business under the same terms you are offering to a third party.
o. Franchisor's option to purchase franchisee's business (1)	Section 11	You must notify us if you plan to transfer your business to a third party. After we have been notified, we will notify you whether or not we will purchase your business under the same terms you are offering to a third party.
p. Death or disability of franchisee	Section 10.3	Subject to transfer rules; however an administrative fee, not a transfer fee, is charged if the transfer is to a family member.

q. Non-competition covenants during the term of the franchise	Sections 5	You may not own, engage in, or have a financial interest in any competing business in the territory. You also must not divert or attempt to divert any business or customer from us or our franchisees; influence your previous customers or our other franchisees; injure our goodwill; or employ or solicit our employees.
r. Non-competition covenants after the franchise is terminated or expires	Sections 4.27, 5	For 2 years, you must not: divert or attempt to divert any business or customer from us or our franchisees or injure our goodwill; employ or solicit our employees; influence or attempt to influence your previous customers or other franchisees; or own or engage in any competing business in the territory (or for 1 year, in any other JANI- KING territory). You must not use the name "JANI-" permanently (same restrictions after transfer).
s. Modification of the agreement	Section 12.3	No modifications generally except by written Agreement, but we may change the Manuals and system standards at any time. You may be required to implement these changes at your own cost.
t. Integration/merger clause	Section 12.3	Only the terms of the Franchise Agreement (including the Manuals) are binding (subject to state law). Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 12.9.2	Before suit can be filed, the parties must first participate in non-binding Mediation through the American Arbitration Association's Mediation Services. We may file suit without submitting to such non-binding mediation for any amounts due and for extraordinary relief requested such as temporary restraining orders and temporary and permanent injunctions.
v. Choice of forum	Section 12.9	Litigation in Dane County, Wisconsin or the U.S. District Court applicable Division.
w. Choice of law	Section 12.9	Wisconsin law applies.

Notes:

- (1) As a condition to our approval of a transfer, you must continue to provide service to the accounts serviced by your franchise until the proposed transfer takes place.
- (2) We have an option to transfer any of the accounts serviced by your franchise if you fail to comply with the Franchise Agreement or our policies and procedures within 72 hours after we give you notice of non-compliance, you fail to perform the cleaning services as required for a cumulative number of 5 days within a 90-day period, a customer asks for a transfer or cancellation, or you service any customer other than as a bona fide JANI-KING franchise (See Section 4.19.7.)

**ITEM 18
PUBLIC FIGURES**

JK INT'L has an agreement with Ryan Palmer that will allow us to use his name and images in the sale of its services and the overall promotion of its name and image. JK INT'L will pay Ryan Palmer \$82,500 for the right to produce and use advertising, promotional and marketing materials containing the name and image of Ryan Palmer through August 2023 and for advertising rights on his hat. Ryan Palmer does not manage, control, or own an interest in JK INT'L or us.

**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.

REPRESENTATIONS REGARDING EARNINGS CAPABILITY

WE DO NOT FURNISH OR AUTHORIZE OUR SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A JANIKING FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND WE CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jani-King Franchising, Inc., 16885 Dallas Parkway, Addison, Texas, (972) 991-0900, Attn: Legal Department, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1A
Franchisor Outlet Summary
For Years 2020 to 2022**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	44	48	4
	2021	48	52	4
	2022	52	57	5
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	40	38	-2
	2021	38	33	-5
	2022	33	37	4

**Table No. 1B
JKI Outlet Summary
For Years 2020 to 2022¹**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchises	2020	5,596	5,378	-218
	2021	5,378	5,301	-77
	2022	5,301	4,980	-321
Company Owned	2020	16	16	0
	2021	16	16	0
	2022	16	12	-4
Total Outlets	2020	5,612	5,394	-218
	2021	5,394	5,317	-77
	2022	5,317	4,992	-325

¹All numbers are as of our fiscal year end, which is December 31. This chart provides system-wide numbers and includes outlets of JKI Franchisor, Corporate Region Subs, and Domestic Regional Franchisors.

**Table No. 2A
Transfers of Outlets From Franchisees To New Owners – Madison Area
(Other than the Franchisor)
For Years 2020 to 2022**

State	Year	Number of Transfers
Wisconsin	2020	2
	2021	3
	2022	2

**Table No. 2B
Transfers of Outlets From Franchisees To New Owners – System Wide
(Other than JKI)
For Years 2019 to 2021¹**

State	Year	Number of Transfers
Alabama	2020	3
	2021	2
	2022	3
Arizona	2020	1
	2021	2
	2022	1

Arkansas	2020	0
	2021	0
	2022	0
California	2020	6
	2021	3
	2022	0
Colorado	2020	6
	2021	3
	2022	0
Connecticut	2020	1
	2021	0
	2022	0
Delaware	2020	0
	2021	0
	2022	0
District of Columbia	2020	0
	2021	0
	2022	0
Florida	2020	9
	2021	8
	2022	12
Georgia	2020	1
	2021	2
	2022	1
Hawaii	2020	0
	2021	1
	2022	5
Illinois	2020	0
	2021	2
	2022	2
Indiana	2020	0
	2021	1
	2022	0
Kansas	2020	2
	2021	1
	2022	1
Kentucky	2020	0
	2021	0
	2022	0
Louisiana	2020	6
	2021 ³	12
	2022	15
Maryland	2020	0
	2021	0
	2022	1
Massachusetts	2020	0
	2021	0
	2022	0

Michigan	2020	1
	2021	0
	2022	3
Minnesota	2020	0
	2021	0
	2022	0
Mississippi	2020	0
	2021	5
	2022	3
Missouri	2020	2
	2021	0
	2022	2
Nebraska	2020	0
	2021	1
	2022	0
Nevada	2020	1
	2021	0
	2022	0
New Jersey	2020	2
	2021	2
	2022	0
New Mexico	2020	2
	2021	0
	2022	0
New York	2020	1
	2021	3
	2022	1
North Carolina	2020	3
	2021	7
	2022	2
Ohio	2020	2
	2021	1
	2022	0
Oklahoma	2020	1
	2021	4
	2022	3
Oregon	2020	1
	2021	3
	2022	0
Pennsylvania	2020	1
	2021	3
	2022	4
Rhode Island	2020	7
	2021	0
	2022	7
South Carolina	2020	1
	2021	0
	2022	3

Tennessee	2020	5
	2021	3
	2022	0
Texas	2020	0
	2021	2
	2022	5
Utah	2020	0
	2021	0
	2022	0
Virginia	2020	1
	2021	2
	2022	1
Washington	2020	0
	2021	0
	2022	0
Wisconsin	2020	2
	2021	3
	2022	2
All Other States	2020	0
	2021	0
	2022	0
Totals	2020	64
	2021	75
	2022	78

¹ All numbers are as of our fiscal year end which is December 31. This chart provides system-wide numbers and includes outlets of Franchisor, Corporate Region Subs, and Domestic Regional Franchisors.

² Franchise number 758 was transferred to a new owner on March 30, 2021. This same franchise was transferred again to a new owner on August 28, 2021..

³ Franchise number 174 was transferred to a new owner on February 4, 2022. This same franchise was transferred again to a new owner on August 2, 2022.

Table No. 3A
Status of Franchised Outlets – Madison Area

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Wisconsin	2020	44	4	0	0	0	0	48
	2021	48	4	0	0	0	0	52
	2022	52	5	0	0	0	3	54

**Table No. 3B
Status of Franchised Outlets
For Years 2020 to 2022¹**

State	Year	Outlets at Start of Year ²	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons ³	Outlets at End of the Year
Alabama	2020	244	24	44	0	1	6	217
	2021	217	46	19	1	2	7	234
	2022	234	24	17	2	4	6	229
Arizona	2020	168	7	2	0	0	6	167
	2021	167	8	7	0	0	4	164
	2022	164	10	10	0	1	2	161
Arkansas	2020	10	2	0	0	0	2	10
	2021	10	2	0	0	0	0	12
	2022	12	2	0	0	0	1	13
California	2020	277	14	8	2	0	10	271
	2021	271	9	7	4	1	18	250
	2022	250	0	250	0	0	0	0
Colorado	2020	57	1	0	0	0	7	51
	2021	51	0	0	0	0	5	46
	2022	46	0	0	0	0	2	44
Connecticut	2020	57	1	0	0	0	5	57
	2021	53	5	0	0	0	3	55
	2022	55	3	0	0	0	5	53
Delaware	2020	10	0	0	0	1	0	9
	2021	9	1	0	0	0	1	9
	2022	9	0	0	0	0	0	9
District of Columbia	2020	2	2	0	0	0	1	3
	2021	3	1	0	0	0	0	4
	2022	4	2	0	0	0	1	5
Florida	2020	486	87	91	1	0	27	454
	2021	454	77	50	3	2	21	455
	2022	455	73	44	3	0	16	465

Georgia	2020	246	37	1	4	0	21	257
	2021	257	29	0	3	0	31	252
	2022	252	28	0	1	0	25	254
Hawaii	2020	101	13	1	0	6	0	107
	2021	107	18	0	0	8	0	117
	2022	117	14	3	0	10	0	118
Idaho	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Illinois	2020	217	8	20	0	0	9	196
	2021	196	9	5	1	0	7	192
	2022	192	4	18	0	0	1	177
Indiana	2020	102	5	0	0	0	16	91
	2021	91	13	0	0	0	10	94
	2022	94	12	0	1	0	6	99
Iowa	2020	6	7	0	0	0	0	13
	2021	13	3	1	0	0	2	13
	2022	13	5	0	0	0	0	18
Kansas	2020	92	14	0	0	0	11	95
	2021	95	9	0	0	0	10	94
	2022	8	0	0	0	0	19	83
Kentucky	2020	63	2	0	0	0	12	53
	2021	53	10	0	0	0	3	60
	2022	60	8	0	0	0	7	61
Louisiana	2020	323	24	1	0	7	15	324
	2021	324	32	0	3	12	17	324
	2022	324	35	0	1	6	15	337
Maryland	2020	96	8	23	2	1	3	75
	2021	75	7	12	0	0	2	68
	2022	68	19	1	1	0	2	83
Massachusetts	2022	7	0	0	0	0	1	6
	2021	6	0	0	0	0	1	5
	2022	5	0	0	0	0	1	4

Michigan	2020	86	2	7	0	0	1	80
	2021	86	1	13	1	0	0	67
	2022	67	2	7	0	0	2	60
Minnesota	2020	78	0	0	0	0	10	68
	2021	68	1	0	3	0	4	62
	2022	62	0	1	2	0	3	56
Mississippi	2020	100	3	0	1	0	1	101
	2021	101	5	0	0	1	4	101
	2022	101	4	0	0	7	6	92
Missouri	2020	154	13	0	1	0	32	134
	2021	134	10	0	1	0	12	131
	2022	131	11	0	0	0	18	124
Nebraska	2020	43	8	0	0	0	6	45
	2021	45	3	0	0	0	4	44
	2022	44	5	0	0	0	6	43
Nevada	2020	70	3	0	0	0	3	70
	2021	70	4	1	0	0	7	66
	2022	66	0	1	0	0	6	59
New Jersey	2020	51	6	3	0	0	1	53
	2021	53	4	2	0	0	1	54
	2022	54	2	3	0	0	0	53
New Mexico	2020	35	6	0	0	0	3	38
	2021	38	5	0	1	0	3	39
	2022	39	5	1	0	1	2	40
New York	2020	74	2	12	0	0	0	64
	2021	64	7	3	0	1	6	61
	2022	61	4	5	0	0	1	59
North Carolina	2020	374	37	0	6	0	37	368
	2021	368	33	0	4	1	39	357
	2022	357	34	0	2	0	47	342
Ohio	2020	301	22	1	1	3	33	285
	2021	285	26	0	1	2	30	278
	2022	278	22	0	1	5	23	271

Oklahoma	2020	119	3	0	2	7	10	103
	2021	103	6	6	2	2	1	98
	2022	98	3	3	0	3	2	93
Oregon	2020	87	3	0	0	1	5	84
	2021	84	0	0	0	4	0	80
	2022	80	3	0	0	0	2	81
Pennsylvania	2020	95	4	2	0	2	2	93
	2021	93	13	1	0	1	11	93
	2022	93	6	3	0	0	7	89
Rhode Island	2020	94	9	2	0	0	6	95
	2021	95	0	2	1	0	6	86
	2022	86	13	3	0	0	4	92
South Carolina	2020	217	30	0	7	0	19	221
	2021	221	28	0	4	0	13	232
	2022	232	17	0	1	0	20	228
Tennessee	2020	174	17	0	0	0	26	176
	2021	176	14	0	0	0	30	160
	2022	160	9	0	0	0	23	146
Texas	2020	341	25	0	1	1	31	333
	2021	333	28	0	0	2	24	335
	2022	335	25	0	0	2	20	338
Utah	2020	60	0	0	2	0	3	55
	2021	55	0	0	0	0	8	50
	2022	50	0	0	0	0	5	45
Virginia	2020	232	18	14	1	0	12	223
	2021	223	16	12	0	0	11	216
	2022	216	18	8	2	1	15	208
Washington	2020	97	1	0	0	0	6	92
	2021	92	10	0	1	0	5	96
	2022	96	0	0	0	0	6	90
Wisconsin	2020	139	17	1	0	0	10	145
	2021	145	16	8	0	0	6	147
	2022	147	27	7	0	0	10	157

All Other States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals	2020	5,596 ³	485	233	31	30	409	5,378
	2021	5,378 ⁴	509	149	34	39	364	5,301
	2022	5,301 ⁵	458	385	17	40	337	4,980

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

¹ All numbers are as of our fiscal year end which is December 31. This chart provides system-wide numbers and includes outlets of Franchisor, Corporate Region Subs, and Domestic Regional Franchisors.

² This column consists of franchises that Franchisor considers to have “ceased to do business.” Franchisor counts a franchise as ceased to do business when the franchise has not generated revenue for one calendar year. A franchise that has ceased to do business may reactivate in certain circumstances and so long as the applicable franchise agreement is still in effect.

³ The Outlets Opened includes 13 reactivated franchises that have been counted in the Cease Operations – Other Reasons column in previous years due to being inactive.

⁴ The Outlets Opened includes 13 reactivated franchises that have been counted in the Cease Operations – Other Reasons column in previous years due to being inactive.

⁵ The Outlets Opened includes 23 reactivated franchises that have been counted in the Cease Operations – Other Reasons column in previous years due to being inactive.

The basic nature of our business allows for a portion of our franchisees to service commercial cleaning accounts on a sporadic basis because they choose to operate their franchises on a part-time basis and/or only as a source of supplemental income. Therefore, the calculation of operational franchises does not necessarily consider the status or volume of revenues of these franchises at the time they are classified for this disclosure, since any franchise which was not then currently generating revenues may later resume services and actively compete with a franchise, who elects to join the JANI-KING system.

In addition to these unit franchises, JKF has existing 83 Master Franchises operating regional support centers in the United States and in 6 other countries. For the three-year period before December 31, 2022 none have been canceled or terminated by us for failure to comply with quality control standards or other reasons; none have been reacquired by us through a purchase, although we are not required to do so; none have been non-renewed by us; two have been otherwise reacquired by us; and one has ceased operations.

Table No. 4A
Status of Company-Owned Outlets – Madison Area
For Years 2020 to 2022

None.

**Table No. 4B
Status of Company-Owned Outlets – System Wide
For Years 2020 to 2022¹**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets of End of Year
Alabama	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Arizona	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Arkansas	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
California	2020	4	0	0	0	0	4
	2021	4	0	0	0	0	4
	2022	4	0	0	4	0	0
Colorado	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Connecticut	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Delaware	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
District of Columbia	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Florida	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

Georgia	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Hawaii	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Illinois	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Indiana	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Kansas	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Kentucky	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Louisiana	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Maryland	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Massachusetts	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Michigan	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Minnesota	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

Mississippi	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Missouri	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Nebraska	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Nevada	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
New Hampshire	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
New Jersey	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
New Mexico	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
New York	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
North Carolina	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Ohio	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Oklahoma	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

Oregon	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Pennsylvania	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Rhode Island	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
South Carolina	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Tennessee	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Texas	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Utah	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Virginia	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Washington	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Wisconsin	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
All Other States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Totals	2020	16	0	0	0	0	16
	2021	16	0	0	0	0	16
	2022	16	0	0	4	0	12

¹ All numbers are as of our fiscal year end, which is December 31. This chart includes outlets of our Corporate Region Subs.

Table No. 5A
Projected Openings as of December 31, 2022– Madison Area

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Wisconsin – Madison	0	12	0

Table No. 5A
Projected Openings as of December 31, 2022¹ – System Wide

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	28	0
Arizona	0	24	0
Arkansas	0	11	0
California	0	0	0
Colorado	0	6	0
Connecticut	0	12	0
Delaware	0	2	0
District of Columbia	0	2	0
Florida	4	87	0
Georgia	0	40	0
Hawaii	2	15	0
Idaho	0	0	
Illinois	0	16	0
Indiana	0	20	0
Iowa	0	0	0
Kansas	1	24	0
Kentucky	0	13	0

Louisiana	2	26	0
Maryland	0	15	0
Massachusetts	0	0	0
Michigan	0	18	0
Minnesota	1	6	0
Mississippi	0	8	0
Missouri	1	24	0
Nebraska	0	14	0
Nevada	0	8	0
New Hampshire	0	0	0
New Jersey	0	16	0
New Mexico	0	6	0
New York	5	18	0
North Carolina	2	8	0
Ohio	1	26	0
Oklahoma	0	18	0
Oregon	0	12	0
Pennsylvania	0	12	0
Rhode Island	2	12	0
South Carolina	0	46	0
Tennessee	0	38	0
Texas	1	50	0
Utah	0	4	0
Virginia	1	29	0
Washington	0	8	0
Wisconsin	0	34	0
All Other States	0	0	0
Totals	23	806	0

¹ This chart provides system-wide numbers and includes outlets of Franchisor, Corporate Region Subs, and Domestic Regional Franchisors.

A list of names, addresses, and business telephone numbers of all franchisees under franchise agreements with us as of December 31, 2022 which are located in the state where the proposed franchise is to be located is provided in Exhibit IX.

Also included in Exhibit IX is a list of the name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee located in the state where the proposed franchise is to be located who has had an outlet terminated, canceled, or not renewed, by us or who otherwise voluntarily or involuntarily ceased to do business under their agreement as of December 31, 2022, or who has not communicated with us within 10 weeks of the date of this disclosure document.

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

As of the date of this Disclosure Document, we are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document.

As of the date of this Disclosure Document, we have no current or former franchisees who have signed provisions during the last three fiscal years restricting their ability to speak openly to you about their experience with the JANI-KING franchise system.

As of the date of this Disclosure Document, no independent trademark-specific franchisee organizations have asked to be included in this Disclosure Document and there are no franchisee organizations sponsored or endorsed by us.

There are no franchisee associations within the Jani-King system, and none has been requested to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit VIII are the following financial statements:

- (a) Audited balance sheet of FOCUS FRANCHISING, INC. as of December 31, 2020, 2021, and 2022, and the related statements of income and partners' capital, and cash flows for the years then ended; and
- (b) Audited consolidated balance sheets of Jani-King International, Inc. and subsidiaries as of December 31, 2020, 2021, and 2022, and the related consolidated statements of earnings, shareholders' equity, and cash flows for the years then ended.

ITEM 22 CONTRACTS

We attached the following agreements as Exhibits to this disclosure document:

Exhibit I – Franchise Agreement with Guaranty

Exhibit II – Account Acceptance Agreement

Exhibit IV – Equipment Lease Agreement and Guaranty of Payment and Performance

Exhibit V – General Release

Exhibit VI – Business Protection Plan Election Form

ITEM 23 RECEIPTS

Exhibit XI contains the Receipt pages. You should sign both Receipts, keep one for your file, and return the other Receipt to Jani-King of Madison, ATTN: Franchise Sales, 6472 Ronald Reagan Avenue, Madison, WI 53704

EXHIBIT I
Franchise Agreement with Guaranty

FOCUS FRANCHISING, INC. D/B/A JANI-KING OF MADISON

FRANCHISE AGREEMENT

This franchise agreement (this "Agreement") is made and entered into in Madison, Dane County, Wisconsin by and between **FOCUS FRANCHISING, INC d/b/a JANI-KING OF MADISON**, a Wisconsin corporation, hereinafter referred as "Franchisor", and

hereinafter referred to, singularly or collectively, as "Franchisee", doing business as a:

[] corporation, incorporated under the laws of the state of Wisconsin,

[] limited liability company, formed in the state of Wisconsin,

for the purposes of allowing Franchisee to operate as an authorized franchisee of Franchisor. Franchisee and Franchisor may be jointly referred to as the "Parties."

FRANCHISE SUMMARY

EFFECTIVE DATE: _____, 2____. PLAN: _____

INITIAL FRANCHISE FEE:
(\$ _____) _____ Dollars

INITIAL BUSINESS:
(\$ _____) _____ (Thousand)

INITIAL OFFERING PERIOD: _____ (_____) Days

TERRITORY:

Wisconsin Counties: Columbia, Dane, Green, Rock and Sauk.

FRANCHISEE ADDRESS: _____

CITY: _____ STATE: _____ ZIP CODE: _____

COUNTY: _____

TELEPHONE NUMBER: (____) _____

EMAIL ADDRESS: _____

FEDERAL TAX ID#: _____

STATE TAX ID# (if applicable): _____

SECTION 1 RECITALS

WHEREAS, Franchisor is an authorized licensee of a system (the "System") consisting of the Proprietary Marks (as defined herein), and certain proprietary know-how and other Confidential Information (as defined herein) for:

(a) the operation and franchising of comprehensive cleaning and maintenance businesses using the System and the Confidential Information, and the supply and distribution of complete cleaning and/or maintenance related services, including, but not limited to, commercial, industrial, and institutional cleaning (the "Services"); and

(b) the supply and distribution of cleaning and maintenance products using the System and the Confidential Information, and the promotion, sale and delivery of the same (the "Products").

WHEREAS, Franchisor is authorized to grant a license to use the System, the Proprietary Marks and/or the Confidential Information.

WHEREAS, Franchisee desires to use the System in Franchisee's business as a Jani-King Franchisee.

WHEREAS, the Parties to this Agreement desire that the Franchisor grant to the Franchisee a license to use the System developed by Jani-King International, Inc. ("Jani-King") in the Territory for the operation of a cleaning and maintenance business, and agree that such business shall be governed by the terms, covenants, and conditions contained in this Agreement and the brand standards in Franchisor's Policy and Procedures Manual (the "Manual").

NOW, THEREFORE, in consideration of the full and faithful performance of each and every one of the covenants, terms and conditions contained herein, the Parties agree as follows:

SECTION 2 GRANT OF FRANCHISE

2.1 Franchisor grants to the Franchisee, upon the terms and conditions herein contained, a license and right to use the System developed by Jani-King in connection with Franchisee's operation of a Jani-King cleaning and maintenance business (the "Franchised Business") in the territory described in the Franchise Summary above (the "Territory"). The "Franchise Summary" is defined as all information contained on the previous page of this Agreement appearing below the words "FRANCHISE SUMMARY."

SECTION 3 TERRITORY

3.1 Franchisee shall operate the business at or from a location of its choosing within the Territory subject to the approval of Franchisor and Franchisee's continued compliance with the terms and conditions set forth herein.

SECTION 4 FRANCHISEE PLEDGES

Franchisee pledges to do the following:

4.1 Franchisee shall operate the Franchised Business in the Territory using the System.

4.1.1 Franchisee agrees that it will not use any name in the operation of the Franchised Business other than those specifically authorized by Franchisor. Franchisee is authorized to use the title "Authorized Franchisee of Jani-King®" and/or "Independent Franchisee of Jani-King®" in conjunction with the operation of its Franchised Business. Franchisee is not authorized and agrees not to use the trademark "Jani-King" in any part of a corporate name or other legal name of an entity used to purchase the franchise. Franchisee is prohibited from using any other janitorial, maintenance or cleaning service name in conjunction with their formal name (for example, "ABC Custodial," "ABC Maintenance," or "ABC Cleaning Services"), (ii) a name prefix of "Jani-" or any other similarly spelled or sounding prefix, (iii) the words "Services," "Cleaning," and "Maintenance" or (iv) any other trademarks, trade names or service marks or any name that has not been granted prior written approval by Franchisor. All directory listings, letterhead, or any other visual or printed matter used by Franchisee to communicate to anyone shall conform to Franchisor's established brand standards. Franchisee is prohibited from using the term "dba Jani-King" in conjunction with the operation of its Franchised Business.

4.1.2 Franchisor is licensed to use and sub-license in connection with the System certain Proprietary Marks that have become associated with its System so as to impart to the public superior standards of quality and service. The "Proprietary Marks" as used in this Agreement shall mean all trademarks, trade names, trade dress, service marks, slogans and logos, including, but not limited to, the mark "Jani-King," the mark "The King of Clean," or any other trademark or service mark which may be authorized in writing by an officer of Franchisor now or at any time in the future.

4.1.3 Jani-King has developed and continues to develop in connection with its System, certain brand standards, customer information, guidelines, recommendations, and advice containing confidential information, programs, devices, methods, techniques and/or processes which are not generally known to the public pertaining to franchising, promotion, marketing, operation and management of a business, including, but not limited to, the System, as defined herein, which includes but is not limited to information regarding the operational, sales, promotional methods and techniques, and marketing methods and techniques related to the System. Such information includes but is not limited to (a) Jani-King's DVDs, manuals, forms, the information contained and compiled therein, and the updates and memoranda thereto; (b) names of agents, suppliers, and customers, and their requirements, specifications, and preferences; (c) the contractual arrangements with agents, suppliers, and customers; (d) the financial details (including but not limited to credit and discount terms) of relationships with its agents, suppliers, or customers; (e) the names of prospective customers and their requirements, specifications, and preferences; (f) Jani-King's software; (g) information concerning and presented at Jani-King meetings; (h) security and access information; (i) information provided through initial and ongoing specialized training; and (j) Jani-King's business plans and strategies (collectively, the "Confidential Information").

4.1.4 All use of the Proprietary Marks and Confidential Information by Franchisee shall be in accordance with the terms of this Agreement and the brand standards in the Manual and shall inure to the benefit of Franchisor and all such Proprietary Marks and Confidential Information shall remain the sole property of Franchisor.

4.1.5 Franchisee has the right to advertise the Franchised Business within the Territory in accordance with the terms of this Agreement and the brand standards in the Manual. Franchisee may conduct its own advertising campaigns using such items as direct mail, flyers, newspaper ads and other approved forms of advertising. Franchisee agrees to submit to Franchisor, prior to use by Franchisee, samples of any and all advertising and promotional plans and materials of any type which contain in any manner any of the Proprietary Marks, including, without limitation, the trade names, trademarks, service marks, slogans and logos as are now or which in the future may be approved for use. Franchisee must obtain Franchisor's prior approval of all advertising that Franchisee desires to use in connection with its Franchised Business by submitting it to Franchisor at least thirty (30) days prior to publication, including any advertising on the Internet, which Franchisor may grant or withhold in its sole business judgment. To protect the System, Proprietary Marks, and Jani-King name, Franchisor has the right to require Franchisee to include certain statements in and/or make changes to Franchisee's proposed advertising prior to approval. Franchisee's advertising materials may not contain any statement or material which, in Franchisor's sole business judgment may be considered: (a) in bad taste or offensive to the public or to any group of persons; (b) defamatory of any person or an attack on any competitor; (c) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or (d) inconsistent with the public image of the System. Franchisee acknowledges that the advertising of the Franchised Business in accordance this Agreement and Jani-King's brand standards is essential to protect the goodwill toward the System, Proprietary Marks, and Jani-King name. Franchisee acknowledges and agrees that any and all copyright in and to advertising materials developed by Franchisee or on Franchisee's behalf will be Franchisor's sole property, and Franchisee must execute such documents (and, if necessary, require your employees or independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision.

4.1.6 Franchisee may not develop, create, distribute, contribute to, disseminate or use any digital or Internet communication including websites, blogs, instant message services, social media sites such as Facebook, Twitter, and Instagram, and all other digital communication methods or any multimedia, telecommunication, mass electronic mail, or audio/visual advertising, promotional or marketing materials ("Digital Advertising"), directly or indirectly related to the Franchised Business, Franchisor, the System, or Proprietary Marks, without Franchisor's prior written consent, which consent may be withheld in Franchisor's sole determination. All Digital Advertising is subject to Section 4.1.5 above. Franchisee may not maintain a website, unless such presence is a page on Jani-King's own website domain. Franchisor reserves the right to develop, publish and control the content of all Digital Advertising. Franchisee acknowledges that Franchisor owns all Digital Advertising related to, containing, or associated with the System, Proprietary Marks, or Jani-King name.

4.2 Franchisee agrees to devote sufficient time and effort to the Franchised Business pursuant to this Agreement.

4.2.1 Franchisee shall comply with established Jani-King brand standards, as they may be amended from time to time, and shall not deviate therefrom without prior written consent of Franchisor.

4.2.2 Franchisee, and all of its owners, shareholders, members, officers, directors, and managers who will actively participate in the operations of the Franchised Business (collectively, the "Principals") shall successfully complete the initial training program within six (6) months of the date of this Agreement.

4.3 In consideration of the rights herein granted under the plan number identified in the Franchise Summary (the “Plan”), and the initial services to be performed by Franchisor in connection with Franchisee’s use of the System, Proprietary Marks, and Confidential Information in the Territory, as pledged herein, Franchisee shall pay to the Franchisor, upon execution of this Agreement, the initial franchise fee, as stated in the Franchise Summary (the “Initial Franchise Fee”).

4.3.1 Payment of the Initial Franchise Fee entitles Franchisee to the non-exclusive right to use the System developed by Jani-King in connection with the Franchised Business in the Territory. Franchisor will secure commercial cleaning and maintenance contracts and offer to Franchisee the opportunity to perform services in accordance with those commercial cleaning and maintenance contracts which contracts will have cumulative initial gross monthly billings in the amount equal to the amount stated as the initial business in the Franchise Summary (the “Initial Business”).

4.3.2 Except as otherwise noted herein, the Initial Franchise Fee is non-refundable and is in addition to royalties and other payments required herein.

4.3.3 ANY COMMERCIAL CLEANING AND MAINTENANCE CONTRACTS UNDER WHICH FRANCHISOR OFFERS FRANCHISEE THE RIGHT TO PROVIDE SERVICES WILL COUNT AGAINST THE INITIAL BUSINESS, WHETHER FRANCHISEE ACCEPTS THE OFFER OR NOT. However, in the event that Franchisor is unable to secure and offer to Franchisee the right to provide services to commercial cleaning and maintenance contracts with a cumulative total of initial gross monthly billings equal to or greater than the Initial Business within the time period stated as the initial offering period in the Franchise Summary (the “Initial Offering Period”), a portion of the Initial Franchise Fee may be refundable. If the Franchisor fails to offer the full amount of Initial Business prior to the end of the Initial Offering Period, an amount equal to three (3) times the amount of Initial Business not offered to the Franchisee. Any refund due to Franchisee will be first applied to any money owed by Franchisee to Franchisor, an affiliate of Franchisor, and any unpaid fees or charges that would result in a negative due pursuant to the Franchisee Report (as defined in Section 4.8.1 below). Any remaining portion of the refund will be credited to the Franchisee, unless otherwise agreed to in writing by Franchisor and Franchisee. A refund or other written agreement between the Parties under this provision will fulfill Franchisor’s obligation to offer any remaining portion of the Initial Business used to calculate the refund.

4.4 In addition to the Office Supply and Advertising Package provided to Franchisee by Franchisor as described in Schedule One of this Agreement, Franchisee is required to purchase the Professional Products and Equipment listed in Schedule One as the “Supply and Equipment Package” and also purchase, lease or provide proof of ownership to Franchisor of the following: a commercial vacuum cleaner, a commercial floor polisher, a commercial wet/dry vacuum and a compact portable vacuum cleaner (canister type) with a shoulder strap and cloth bag, which are identified as “Additional Electric Equipment” in Schedule One. These items are not included in the Office Supply and Advertising Package furnished by Franchisor. The Supply and Equipment Package and the Additional Electric Equipment must be obtained by the Franchisee before any Initial Business will be offered. Franchisee is also required to possess or obtain a smart phone capable of sending and receiving emails, such as an Android device or iPhone. Franchisor reserves the right, upon thirty (30) days’ notice to Franchisee, to require Franchisee to purchase all cleaning equipment and supplies for the operation of its Franchised Business from one or more of Franchisor’s affiliates or from a vendor approved by Franchisor.

4.5 Royalty and Advertising Fees.

4.5.1 Franchisee agrees to pay to Franchisor or its designee, by the tenth (10th) day of each month a royalty fee equal to ten percent (10%) of the monthly Gross Revenue (the "Royalty Fee"). Franchisee shall pay to Franchisor a minimum Royalty Fee in the amount of one hundred dollars (\$100) per month during the first twelve (12) months following the Effective Date and in the amount of five hundred dollars (\$500) per month thereafter. Such minimum Royalty Fee is subject to annual adjustment for increases in the Consumer Price Index. "Gross Revenue" is defined as all revenue invoiced by anyone for any contract services, one-time cleans, extra work, sales of supplies, equipment or goods and any other revenue related to or derived from the provision of any cleaning and maintenance services, including, but not limited to, commercial, industrial, and institutional, as well as the sale, leasing or distribution of related supplies and equipment in connection with the conduct and operation of the Franchised Business, or otherwise directly or indirectly, in whole or in part, performed or sold by, or for the benefit of Franchisee, Franchisee's guarantors, agents, representatives, and/or employees, or the Principals or any of the spouses of the Principals, regardless of the entity or business name used.

4.5.2 Franchisee agrees to pay Franchisor an advertising fee equal to 1.5% of Franchisee's Gross Revenue (the "Advertising Fee"). Franchisee agrees to pay the Advertising Fee commencing on the tenth (10th) day of the month and continuing on the tenth (10th) day of every month thereafter for the remainder of the Term. Franchisee agrees that Franchisor, in Franchisor's sole discretion, may increase the Advertising Fee up to 2.5% of Franchisee's Gross Revenue. Franchisee agrees that the Advertising Fee shall be maintained and administered by Franchisor or its designee as follows:

(a) Franchisor will direct all advertising programs and will have sole discretion to approve or disapprove the creative concepts, materials and media used in the programs. The Advertising Fee is intended to be used to maximize general public recognition and acceptance of the Proprietary Marks and enhance the collective success of all franchises operating under the System. None of the Advertising Fee is specifically or principally used for advertising that is principally a solicitation for the sale of franchises. In using the Advertising Fee, neither Franchisor nor Franchisor's designees are required to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's payment or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. Neither Franchisor nor Franchisor's designees are required to advertise in the area where Franchisee is located.

(b) The Advertising Fee may be used to satisfy any and all costs of maintaining, administering, directing, and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, internet, website, magazine, and newspaper advertising campaigns; direct mail and outdoor billboard advertising; vehicle decaling; public relations activities; employing advertising agencies to assist therein; travel and associated expenses of personnel dispatched to assist in account start-ups and account bidding; and costs of Franchisor's personnel and other departmental costs for advertising that is internally administered or prepared by us). Sums paid by Franchisee relating to the Advertising Fee will also be used to defray any of Franchisor's administrative costs incurred in activities reasonably related to advertising programs. The Advertising Fee is a payment to Franchisor for advertising and related costs, and Franchisor does not have any duty to Franchisee related to the use of the Advertising Fee.

(c) The Advertising Fee may also be used in Jani-King's National Vehicle Program ("NVP"), which is a voluntary program through which Franchisee can purchase a

select number of vehicles from a national vehicle manufacturer. In the event Franchisee participates in the NVP, Franchisee is required to have a decal installed on any vehicle purchased through the NVP. The cost and installation of the vehicle decal will be paid out of the Advertising Fee.

4.6 This item is intentionally left blank.

4.7 Franchisee agrees to pay to Franchisor a technology licensing fee equal to 1% of Franchisee's Gross Revenue (the "Technology Fee"). Franchisee agrees to pay the Technology Fee commencing on the tenth (10th) day of the month and continuing on the tenth (10th) day of every month thereafter for the remainder of the Term. Franchisee agrees that Franchisor, in Franchisor's sole discretion, may increase the Technology Fee up to 5% of Franchisee's Gross Revenue.

4.8 Franchisee agrees that Franchisor shall have the exclusive right to perform all billing and accounting functions for the services provided by Franchisee. Each month, Franchisee agrees to pay to Franchisor an accounting fee equal to 7% of Franchisee's Gross Revenue (the "Accounting Sales Fee"). The Accounting Fee covers Franchisor's administrative costs and expenses for billing and accounting functions. Franchisor reserves the right to increase or decrease the Accounting Fee at any time.

4.8.1 Each month, Franchisor shall invoice customers serviced by Franchisee for the services rendered and supplies provided. After deduction of all appropriate fees and charges including, but not limited to, all Royalty Fees, any note payments, Advertising Fees, transfer fees, Accounting Fees, Technology Fees, any advances made to the Franchisee by Franchisor, Non-Reported Business Fees, as defined herein, or attorney's fees and court costs incurred by Franchisor in enforcing payment of accounts by customers, Franchisor will issue a report to Franchisee each month, which will provide an accounting of Franchisee's business during the previous month (the "Franchisee Report"). On the tenth (10th) day of each month, Franchisor will disburse to Franchisee the amount of money appearing in the "Due Franchisee Column" of the Franchisee Report for the preceding month. Any money not collected in an account for any reason will be charged back to Franchisee. In the event the tenth (10th) day of the month falls on a Saturday, Sunday or recognized holiday, then all such amounts due to Franchisee will be disbursed on the next business day.

4.9 Franchisee agrees to make all payments due to Franchisor promptly and in accordance with the terms of this Agreement, and recognizes that any failure on the part of the Franchisee to do so shall be deemed a material breach of this Agreement and shall give Franchisor the right to terminate this Agreement immediately and retain all sums previously paid to Franchisor by Franchisee.

4.10 This item is intentionally left blank.

4.10.1 During the Term of this Agreement, Franchisee shall maintain and preserve full, complete and accurate books, records and accounts regarding the Franchised Business.

4.10.2 Upon request by Franchisor, Franchisee shall, at Franchisee's sole cost and expense, prepare and submit to Franchisor within thirty (30) days after said request, a complete financial statement for the preceding 12-month period or any other calendar year, or a financial statement compiled and reviewed by a certified accountant or public accounting firm, together with such other information as Franchisor may reasonably require in order for Franchisor

to determine that Franchisee is properly reporting and accounting for all Gross Revenue.

4.10.3 Franchisor reserves the right to inspect or examine any and all accounts, books, records, and tax returns (including payroll records) of Franchisee, the Principals, and any Affiliate (as defined below) of Franchisee or the Principals, at any reasonable time, so far as the same pertain to the Franchisee's obligations under this Agreement. Franchisor shall also have the right, at any time, to have an independent audit made of the books or financial records of Franchisee, the Principals, and any Affiliate of Franchisee or the Principals. Any such inspection, examination or independent audit shall be performed at the cost or expense of Franchisor, unless the same is necessitated by the failure of Franchisee to provide the reports requested or to preserve records as provided herein, or unless the inspection, examination or independent audit discloses that any statement or report made by Franchisee is in error to an extent of 5% or more, in which case Franchisee shall immediately pay to Franchisor the amount in error and shall reimburse Franchisor for any and all costs and expenses connected with the inspection or audit (including, without limitation, reasonable accounting and attorneys' fees). Franchisee is solely responsible for keeping accurate, complete, and current payroll records. "Affiliate" means, at the time of determination,: (i) any Person that directly or indirectly through one or more intermediaries controls, is controlled by or under common control with the Person specified; (ii) any director, manager (to the extent the Person is a limited liability company), officer or subsidiary of the Person specified; and (iii) any spouse, parent, child, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of the Person specified. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to elect a majority of the board of directors (or other governing body) or to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. In any event and without limiting the generality of the foregoing, any Person owning 10% or more of the voting securities of another Person shall be deemed to control that Person. "Person" is defined as any natural person, corporation, general partnership, limited partnership, limited liability company, proprietorship, joint venture, trust, association, union, entity, or other form of business organization or any governmental entity whatsoever.

4.11 Franchisee agrees to be solely responsible for the services and results of services performed at locations where cleaning and maintenance services are performed by Franchisee and to hold harmless and indemnify Franchisor from any and all claims arising from actions by Franchisee or Franchisee's employees, agents, or representatives.

4.12 Franchisee agrees to (i) abide by all applicable federal, state, and local laws, regulations, and ordinances; (ii) maintain a clean and safe place of business and comply with the Occupational Health and Safety Act; (iii) obtain any licenses or permits required by governmental entities to legally perform its obligations under this Agreement; and (iv) conduct the Franchised Business in such a manner as to bring goodwill and public approval to itself and Franchisor.

4.12.1 Franchisee is solely responsible for any leases of real or personal property in connection with the operation of the Franchised Business. Franchisee's office location, furniture, and décor shall comply with Franchisor's brand standards. At all times during the Term of this Agreement, Franchisee shall maintain such office, fixtures, furnishings, signs, and equipment in good order and condition and in a manner which will promote the goodwill and a positive image of the Jani-King Proprietary Marks, System, and reputation. Upon notice from Franchisor, Franchisee agrees to make any repairs, updates or alterations to Franchisee's office which, in Franchisor's sole opinion, are necessary to comply with Sections 4.12 and 4.12.1 of this Agreement. No other business venture shall operate out of the premises utilized by Franchisee for the Franchised Business without the prior written consent of Franchisor.

4.13 Franchisee shall indemnify and hold harmless Franchisor, Jani-King International, Inc., Jani-King Franchising, Inc. and each of their officers, directors, and employees for (i) all loss or damage originating from, in connection with, or relating to the operation of the Franchised Business; (ii) all claims or demands for damages to property or for injury or death of persons directly or indirectly resulting from or related to the operation of the Franchised Business; and (iii) all claims, damages and losses arising from actions by Franchisee or its employees, agents, or representatives, including, but not limited to, claims of employment or joint employment.

4.13.1 Before beginning operations of the Franchised Business, Franchisee shall purchase the insurance with the policy limits described below from an insurer carrying an A.M. Best's Rating of A or better or join our Business Protection Plan ("BPP") (described below). Franchisee shall also secure Employee Dishonesty/"3-D" Comprehensive Crime Insurance covering Franchisee and its employees.

4.13.2 Franchisee's insurance policies shall name the following entities, as well as the entities' officers, directors and employees, as additional insureds: (i) Focus Franchising, Inc. d/b/a Jani-King of Madison, (ii) Jani-King Franchising, Inc., and (iii) Jani-King International, Inc. (collectively, the "Additional Insureds"). Such additional insured status shall be primary and there shall be no requirement for contribution from any insurance coverage by any of the Additional Insureds. For purposes of Comprehensive General Liability and Excess or Umbrella Insurance, additional insured status shall apply to both ongoing and completed operations coverage.

4.13.3 All insurance policies must contain a waiver of subrogation favoring Focus Franchising, Inc. d/b/a Jani-King of Madison and its officers and directors.

4.13.4 The various limits of the required insurance may be increased or new types of coverage may be added as circumstances dictate. Franchisee must provide Franchisor with proof of the required insurance coverage and is required to notify its insurance carrier that the insurance carrier must provide 30-day notice of cancellation or material change directly to Franchisor.

4.13.5 Franchisee is required to obtain insurance in the following minimum amounts:

Type	Limits
Comprehensive General Liability	\$2,000,000 (General Aggregate) \$2,000,000 (Products/Completed Operations)
Comprehensive General Liability	\$1,000,000 (per Occurrence)
Business Automobile Liability, including owned, hired and non-owned automobile insurance	\$1,000,000 (per Occurrence)
Excess or Umbrella Insurance	\$10,000,000 (per Occurrence & Aggregate)
Workers Compensation Insurance Employers Liability Insurance	Statutory Limits
Employee Dishonesty/3D Comprehensive Crime	\$50,000 (Employee Theft and Forgery) \$25,000 (Theft of Money and Securities)

4.13.6 If Franchisee fails to secure the above listed insurance to the satisfaction of Franchisor, Franchisor may, in addition to other remedies, purchase such insurance for the benefit of Franchisee and seek prompt reimbursement from Franchisee for all premiums and other costs incurred. Franchisee is responsible for all premiums and other costs incurred by Franchisor up to and including the date Franchisor grants Franchisee written approval of Franchisee's insurance. Franchisee agrees to indemnify and hold Franchisor harmless from any claims, loss or damage.

4.13.7 As an alternative to purchasing the above insurance on your own, Franchisee may participate in the BPP to satisfy the majority of the insurance requirements shown above. Membership in the BPP is restricted to individuals and entities who are engaged in the janitorial industry. Members in the BPP participate in BPP's group insurance policies. BPP's group insurance policies are not individual insurance policies and the policy limits are shared between all BPP members. Insurance provided by the BPP does not include coverage for Workers Compensation, the operation of personal or business use automobiles or Franchisee's equipment, supplies, or real or personal property. Franchisee must still procure Business Automobile Liability, including owned, hired and non-owned automobile insurance at the \$1,000,000 limit of liability, and any other required insurance policies not covered by the BPP.

The BPP provides the coverages outlined below:

Type	Limits
Comprehensive General Liability	\$2,000,000 (General Aggregate) \$2,000,000 (Products/Completed Operations)
Comprehensive General Liability	\$1,000,000 (per Occurrence)
Business Automobile Liability, including owned, hired and non-owned automobile insurance	\$1,000,000 (per Occurrence)
Excess or Umbrella Insurance	\$10,000,000 (per Occurrence & Aggregate)
Employee Dishonesty/3D Comprehensive Crime	\$50,000 (Employee Theft and Forgery) \$25,000 (Theft of Money and Securities)

4.13.8 Participation in the BPP is voluntary, and Franchisee is not obligated or required to participate.

4.13.9 Franchisor will be solely responsible for administering the BPP. The cost of the BPP varies, depending upon the cost of insurance purchased and the amount of insurance premium deductible you pay for insurance claims, if any. The current BPP fee for this region is 4% of your Gross Revenue per month. The cost of the BPP may change occasionally. Franchisor reserves the right to discontinue offering the BPP to Franchisee upon reasonable notice.

4.13.10 In addition to the payment of insurance premiums, participation in the BPP includes non-refundable fees paid to us, as payment for the following services: (1) assistance with risk assessment; (2) management of overall claims handling processes; (3) assistance with compliance of workers' compensation laws; (4) assistance with risk control; (5) assistance with Certificates of Insurance; (6) insurance coverage analysis; (7) assistance with premium audits; (8) general risk management services; (9) periodic safety training; and (10) other regulatory compliance assistance. For these services, you will be required to pay an administration fee which may include a profit to us. We will be solely responsible for administering the BPP.

4.13.11 The fee for the BPP may vary depending on the cost of insurance purchased and the amount of the insurance premium deductible you pay for insurance claims, if any. The current BPP fee is 4% of your franchise's Gross Revenue per month. In addition, you will be responsible for payment of the administration fee which is \$7 a month if your monthly Gross Revenue is less than or equal to \$5,000 and \$14 a month if your monthly Gross Revenue is greater than \$5,001. If you choose to participate in the BPP, we will deduct the BPP fee and the applicable administrative fee each month from your franchise's Gross Revenue. We reserve the right to discontinue offering the BPP to you upon reasonable notice.

4.13.12 Franchisee's participation in the BPP can be terminated if Franchisee: (i) fails to pay any amount owed for Franchisee's participation in the BPP; (ii) fails to report all revenue generated by Franchisee's participation in the janitorial industry; (iii) files a fraudulent insurance claim under any of the insurance coverage obtained by Franchisee relating to the BPP; (iv) has excessive losses; or (v) does not participate in the janitorial industry for twelve (12) consecutive months.

4.13.13 If Franchisee does not participate in the BPP, Franchisee must supply proof of insurance to Franchisor before Franchisee will be authorized to begin operations of the Franchised Business. In the event Franchisee does not purchase the required insurance, Franchisor reserves the right to purchase the required insurance for Franchisee and charge Franchisee for the cost of the insurance. Franchisor may also suspend Franchisee's right to provide service to any Jani-King account until such insurance has been obtained or restored in accordance with the requirements contained herein.

4.14 In connection with Franchisee's agreement to indemnify and hold harmless Franchisor, Jani-King International, Inc., Jani-King Franchising, Inc. and the officers, directors, and employees of each of these companies (the "Jani-King Parties") for all loss or damage as set forth in Section 4.13 of this Agreement, Franchisee agrees to defend the Jani-King Parties and any of their subsidiaries named in any lawsuit based on such loss or damage and to pay all costs and reasonable attorneys' fees associated with such defense. If any of the Jani-King Parties wishes to retain their own counsel to defend any such action, Franchisee agrees to reimburse the Jani-King Parties for all reasonable costs and legal fees incurred by the Jani-King Parties for such defense. Said reimbursement shall be made to Franchisor in a timely manner as such fees are incurred by Franchisor and billed to Franchisee.

4.15 Franchisee represents and warrants that Franchisee is either a corporation or limited

liability company (as indicated on page one of this Agreement), duly incorporated or formed, validly existing and in good standing under the laws of its state of incorporation or formation (as indicated on page one of this Agreement), Franchisee has all the requisite power and authority to own and operate Franchisee's properties and carry on the Franchised Business and is duly licensed and qualified to transact business as a foreign entity in all jurisdictions in which the nature of the business conducted by it makes such qualification as a foreign entity necessary.

4.16 Prior to beginning operation of the Franchised Business and before the Initial Offering Period will begin, Franchisee must submit proof of registration with all taxing authorities to which Franchisee will be responsible for paying taxes, including submitting a Federal tax identification number, and any state and municipal taxing identification numbers. Franchisee agrees to pay all personal property, sales, excise, use and other taxes, regardless of type or nature, which may be imposed, levied, assessed or charged, on, against or in connection with any services sold or furnished hereunder, whether from any state, municipality, county or parish, or other governmental unit or agency, which may have jurisdiction over such products, service and equipment. Franchisee must also pay all personnel performing services for Franchisee in full compliance with all Federal, state, local, and municipal laws, statutes and regulations. Failure to pay taxes will result in termination of this Agreement.

4.17 Prior to beginning operation of the Franchised Business and before the Initial Offering Period will begin, Franchisee must submit proof of a valid and active business checking account in Franchisee's name. Such account must be with a reputable banking institution. Franchisee agrees to timely pay all debts, obligations, and encumbrances that might arise as a result of its operation of the Franchised Business.

4.18 Franchisee agrees to be solely responsible for the services, and results of such services, performed at locations where cleaning and/or maintenance services are performed by Franchisee and Franchisee's representatives. Franchisee agrees to be solely responsible for providing all labor, materials, tools and supplies necessary to provide the service to such premises. Franchisee is solely responsible for choosing the times, manner, means, and methods of providing the services in conjunction with the instructions of the customer and in accordance with the terms of the contract under which the services are provided. All such services shall meet the customer's requirements and Jani-King's brand standards.

The following procedures apply if any contract that Franchisor previously offered the right to Franchisee to provide services as part of the Initial Business requests a transfer to another franchisee or cancels the cleaning contract:

(a) If an account cancels due to non-performance, theft, failure by Franchisee to service the account to the satisfaction of the customer, failure by Franchisee to maintain good customer relations, or failure by Franchisee to comply with the brand standards in the Manual, Franchisee will not be offered the right to service an additional account to replace the cancelled account.

(b) If an account requests a transfer to a new franchisee due to non-performance, theft, failure by Franchisee to service the account to the approval of the customer, failure by Franchisee to maintain good customer relations, or failure by Franchisee to comply with the brand standards in the Manual, the contract for said account will automatically revert to Franchisor to be offered to another franchisee and Franchisee will not be offered the right to service an additional account to replace the transferred account.

(c) If an account cancels at no fault of the actions of Franchisee and before Franchisee has serviced the account for twelve (12) months, Franchisee will be offered the

right to provide service to one or more accounts with cumulative gross monthly billing equal to at least the gross monthly billing of the cancelled account within a reasonable period of time, at no additional cost to Franchisee. This provision applies until the cumulative time Franchisee has provided service to the original account and all replacement account(s) equals twelve (12) months. If any replacement account or combination of accounts has a greater gross monthly billing than the cancelled account being replaced, the amount of gross monthly billing in excess of the cancelled account will be applied to the obligation of other Initial Business. Franchisor is not otherwise obligated to replace the accounts that are serviced by Franchisee if the account(s) cancel before the full term of the account.

EXAMPLE: An account with a gross monthly billing of \$1,000 cancels after seven (7) months through no fault of Franchisee. Franchisor will replace the account with one or more accounts having cumulative gross monthly billing of at least \$1,000 per month. If any of the replacement accounts also happen to cancel at no fault of Franchisee at any time during the next five (5) months, Franchisor will replace the replacement account(s) with other account(s). If the cumulative gross monthly billing of the replacement accounts exceed \$1,000, the gross monthly billing in excess of \$1,000 would apply against other Initial Business obligation.

4.19.1 Franchisee is solely responsible for ensuring that its representatives are in uniforms that comply with Franchisor's brand standards, including that said uniforms are approved, neat and clean at all times Franchisee's representatives are performing services at a customer's facility. A personal identifying name tag shall be considered a part of the uniform and is required for compliance with Franchisor's brand standards.

4.19.2 To protect the reputation of the Jani-King name and the Proprietary Marks, Franchisor may inspect any premises or communicate with any customers serviced by Franchisee from time to time to ensure that the Franchisee meets the customer's requirements and Jani-King's brand standards.

4.19.3 Franchisee must cooperate fully with Franchisor, and pay an hourly rate ("Service Fee"), plus expenses and travel time, on each occasion Franchisor has to dispatch Franchisor's staff or another franchisee to an account in order to correct a deficiency in satisfying the customer's requirement or complying with the brand standards of Jani-King. The Service Fee charged is currently \$50 per hour. This fee may be increased at the sole discretion of Franchisor who will provide notice to Franchisee before such fee increase. In order to promote full compliance with the customer's requirement and all Jani-King brand standards, a Complaint Fee may also be charged to Franchisee as provided in Section 4.19.5.

4.19.4 Franchisee acknowledges that responding to customer demands, complaints, and emergencies is important for protecting customer goodwill toward the Jani-King name, the System, and Proprietary Marks. Franchisor may establish systems for customers to submit demands, complaints, and emergency communications to Franchisee through Franchisor's system. Franchisee must address all customer demands, complaints, and emergencies in a timely and diligent manner. Franchisee will cooperate fully with Franchisor in investigating and resolving the demand, complaint, or emergency, and Franchisee will confirm resolution of the matter to Franchisor. Franchisor can elect to dispatch another franchisee to correct deficiencies in satisfying a customer's requirements or complying with Jani-King's brand standards if Franchisor is not able to reach the Franchisee or the Franchisee is not available for an immediate visit or performance of services. Further, Franchisor can elect to dispatch Franchisor's own staff to the account and

correct all deficiencies in performance and Franchisee will be assessed the Service Fee, plus expenses, for the franchisee's and Franchisor's time and effort to satisfy the customer's requirements or comply with Jani-King's brand standards. Notwithstanding the above, Franchisor reserves the right to dispatch another franchisee to the customer without contacting, or attempting to contact, Franchisee if Franchisor determines, in Franchisor's sole reasonable discretion, that the customer's premises has an emergency requiring immediate attention.

4.19.5 Franchisee will be charged a \$50.00 complaint fee ("Complaint Fee") if there is a customer complaint, demand, or emergency which requires Franchisor or another franchisee to respond to or service the customer under the following circumstances: (i) Franchisee's failure to respond to the customer in a timely or diligent manner; (ii) Franchisee's unavailability to provide immediate service to the customer; (iii) Franchisee's failure to cooperate fully with Franchisor in investigating or resolving the matter; (iv) Franchisee's failure to timely and diligently respond to Franchisor's efforts to contact Franchisee; or (v) if Franchisee was notified of the complaint, demand, or emergency and, after two hours following the opening of the customer's business the following day, the deficiency in satisfying the customer's requirements or complying with Jani-King's brand standards has not been corrected to the satisfaction of the customer. "Service" or "respond to" the customer in this case means communicating with the customer to determine the nature of the complaint, demand, or emergency, and what needs to be done to resolve the situation, and to provide the customer relations necessary to try to protect the account from cancellation or damages to Jani-King's goodwill and does not mean providing cleaning or maintenance services to the customer to resolve a complaint.

4.19.6 The \$50.00 Complaint Fee, plus the Service Fee and expenses, will be charged to the Franchisee responsible for the complaint, demand, or emergency even if the account must be transferred to save the account or if the account terminates for non-performance. The fees will be payable in the month they are incurred.

4.19.7 If Franchisee fails to comply with any provision of this Agreement, customer requirement, or Jani-King's brand standards, pursuant to the spirit and intent of this Agreement, and such deficiency continues for seventy-two (72) hours after Franchisor has given notice to the Franchisee of non-compliance, Franchisor may exercise its right to suspend the authority of Franchisee to perform services for any or all accounts serviced by Franchisee until such time as Franchisor is satisfied that Franchisee has complied with the provisions or, at the option of Franchisor, to transfer the right to provide service to the account to another Franchisee, without notice or delay.

4.19.8 Franchisor may also exercise the option to transfer Franchisee's right to provide service to an account immediately upon receiving a request for transfer or cancellation from the customer, or if Franchisee provides any services to any customer and does not report and include such services in their Gross Revenue.

4.19.9 Franchisee will waive any and all payments for services which may become due and payable after Franchisor has exercised the option to transfer an account under any of the Sections 4.19.1 through 4.19.8, and Franchisee will not be entitled to any refund, rebate, or reduction of any fees previously paid or pledged in connection with that customer's contract. If Franchisor does not exercise any option for any contract to revert hereunder, either in part or in full, with regard to any deficiency or default, the election not to exercise any option will not constitute a waiver of such rights with regard to any subsequent deficiency or default.

4.20 At Franchisor's request, Franchisee will provide to Franchisor a list of all customers to which Franchisee is providing service and copies of the contracts under which service is being

performed. Franchisee is prohibited, without Franchisor's prior written approval, from disclosing to anyone other than Franchisee's employees the names of the customers or any list of customers to whom Franchisee is providing service.

4.21.1 In the event Franchisee voluntarily wishes to discontinue providing service to an account, Franchisee must notify Franchisor in writing. If the account's monthly billing amount is less than ten thousand dollars (\$10,000), the written request must be made at least ten (10) days prior to the desired date of transfer. If the account's monthly billing is ten thousand dollars (\$10,000) or more, the written request must be made at least thirty (30) days prior to the desired date of transfer. Upon Franchisor's receipt of Franchisee's request to discontinue providing service or in the event Franchisee fails to provide service to an account for a period of two (2) days, for any reason, Franchisor may offer the right to provide service to another franchisee. In either event, Franchisee agrees that any and all payments (regardless of when services were rendered) made after Franchisee no longer provided services to the account will be waived by Franchisee, and Franchisee shall not be entitled to any refund or rebate of any fees paid or pledged previously to Franchisor for such business.

4.21.2 Franchisee may solicit potential customers to provide cleaning and maintenance services in the Territory through its Franchised Business. However, all contracts for the provision of services by Franchisee must be drafted and/or approved by Franchisor. Franchisor reserves the right, at Franchisor's sole discretion, to suspend or cancel service of any contract serviced by Franchisee in the event the contract becomes delinquent in payment for services.

4.22 Franchisor reserves the right to establish brand standards pertaining to the operation of Franchisee's Franchised Business or this Agreement. Franchisor also reserves the right to provide guidelines, recommendations, and advice for the Franchisee to adopt, modify, or reject in Franchisee's operation of the Franchised Business. Franchisor shall keep a current, updated Manual of all such brand standards and guidelines, recommendations, and advice at Franchisor's corporate office. If the brand standards kept by Franchisor differ from those kept by Franchisee, the brand standards maintained in Franchisor's corporate office shall be controlling. Franchisor will lend Franchisee one copy of the Manual. The Manual may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; videos; CD- ROMS and/or other electronic media; online postings; email and/or electronic communications; facsimiles; or, any other medium capable of conveying the Manual's contents. The Manual will, among other things, set forth Franchisor's brand standards and guidelines, recommendations, and advice for operating the Franchised Business. Franchisee agrees to be bound by brand standards upon receipt of same by Franchisee, and to operate its franchise in strict compliance with the brand standards in the Manual. JKI has the right to prescribe additions to, deletions from or revisions of the Manual (the "Supplements to the Manual"), all of which will be considered a part of the Manual. All references to the Manual in this Agreement shall include the Supplements to the Manual. Supplements to the Manual will become binding on Franchisee as if originally set forth in the Manual, upon being delivered to Franchisee. The Manual and any Supplements to the Manual are material in that they will affect the operation of the Franchised Business, but they will not conflict with or materially alter Franchisee's rights and obligations under this Agreement.

4.23 Franchisee acknowledges that the System must continue to evolve in order to reflect the changing market and to meet new and changing customer demands, and that accordingly, variations and additions to the System and brand standards may be required from time to time in

order to preserve and enhance the public image of the Jani-King name and Proprietary Marks. Accordingly, Franchisee agrees that JKI may, from time to time, hereafter or otherwise change the System and brand standards, including, without limitation, the adoption and use of new or modified Proprietary Marks, Confidential Information, Products, and Services, and Franchisee agrees to be bound by these changes. Franchisee agrees to promptly comply with all such additions, modifications and changes at Franchisee's sole cost and expense.

4.24 Franchisee agrees that if Franchisee develops any new concept, process or improvement in the System or the Confidential Information, Franchisee will promptly notify Franchisor and provide Franchisor with all necessary information concerning same, without compensation to Franchisee. Franchisee acknowledges that any such concept, process or improvement will become the property of Franchisor, and Franchisor may utilize or disclose such information to other franchisees as Franchisor determines to be appropriate.

4.25 Franchisee agrees to maintain a valid and operational email address at which Franchisee is capable of receiving communications from Franchisor. Franchisee agrees to update Franchisor as to any changes to such email address.

4.26 At any and all times that Franchisee is actively servicing customers, Franchisee is solely responsible for employing one or more employees, in addition to any Principals, in connection with the provision of commercial cleaning services by Franchisee to customers, as contemplated in this Agreement. Franchisee is solely responsible for maintaining accurate, complete and current payroll records, and for abiding by all applicable wage and hour laws, rules and regulations, and any other federal, state or local laws applicable to Franchisee's relationship with its employees. Franchisee has the sole authority to determine the terms and conditions of employment for its employees and to make employment decisions regarding its employees, including, but not limited to, the authority to determine wages, benefits and other compensation, work and scheduling, hiring and discharge, discipline, workplace health and safety, supervision, assignment, and work rules.

4.27 Upon termination or non-renewal of this Agreement for any reason, Franchisee must immediately and permanently cease all use of the Proprietary Marks, Confidential Information, and all aspects of the System, and cease indicating verbally or in writing to customers and any other franchisee that Franchisee is a Jani-King franchisee or associated with Jani-King. Franchisee must immediately return to Jani-King all advertising matter, products, and writings that contain Jani-King's Proprietary Marks, trade name, logo or copyright, as well as any Confidential Information. All such lists, files, and the information contained therein will remain the exclusive property of Franchisor. Any access devices to customer's premises which have been serviced by Franchisee, including keys, security passes, and codes must be delivered by Franchisee to Franchisor at the time the Franchisee ceases providing service. In the event Franchisee fails to deliver all access devices to Franchisor, Franchisee hereby agrees to pay all costs and expenses incurred by Franchisor resulting from Franchisee's failure to return these items.

4.28 If this Agreement is terminated or not renewed for any reason, Franchisee must surrender to Franchisor all property belonging to Franchisor including, but not limited to, keys to all customers' buildings and all contracts between Franchisor and the customer. Franchisee agrees that the above-named items are the property of Franchisor. Franchisee must also pay, in full, all amounts owed to Franchisor at the date of termination or non-renewal and surrender any and all equipment belonging to Jani-King. If Franchisee has proclaimed to have terminated or not renewed the Agreement and refused to surrender the items described herein, Franchisee agrees to pay Franchisor \$500.00 per day for each day that it has not complied with the foregoing paragraph. The parties acknowledge that damages for Franchisee's failure to adhere to the foregoing paragraph are difficult to ascertain and therefore agree that this amount will be payable as liquidated damages and not as a penalty.

4.29 If this Agreement is terminated or not renewed, Franchisee may sell its customer contracts to Franchisor or another franchise, provided it receives Franchisor's prior written consent, which consent will not be unreasonably withheld, Franchisee will not be permitted to sell its customer contracts if termination is the result of Franchisee's Event of Default. Franchisee will not be permitted to sell its customer contracts unless Franchisee has fully-paid its financial obligations to Franchisor or Franchisor is satisfied that Franchisee will pay the amounts due to Franchisor from the proceeds of the sale. The amount paid to Franchisee from any sale of customer contracts, whether to another franchisee or Franchisor, will first be applied to satisfy all financial obligations owed by Franchisee to Franchisor. As a condition precedent to Franchisee's receipt of payment from any sale, Franchisee will assist with the transition of any customers to another franchisee and execute a general release in favor of Franchisor. If Franchisee proposes to sell the customer contracts to another franchisee, the proposed sale is subject to the transfer provisions in Section 10 and right of first refusal provisions in Section 11 of this Agreement. Upon termination or non-renewal, Franchisee forfeits all rights to its customers and customer contracts, and any customer contracts not sold by Franchisee will revert to Franchisor.

SECTION 5 NONCOMPETITION AND CONFIDENTIALITY

5.1. Franchisor agrees to provide Franchisee with valuable initial and ongoing specialized training, the Confidential Information, and the Proprietary Marks. The initial specialized training provides training in Jani-King brand standards and its guidelines, recommendations, and advice related to operation of the Franchised Business. The ongoing specialized training includes updated information of the type provided in the initial training, as well as additional training and information compiled and developed over time as the System and brand standards evolve. Franchisee acknowledges that, whether the initial and ongoing specialized training, or Confidential Information is denoted, labeled or marked as confidential, Franchisor considers such training and Confidential Information to be, and treats it as, confidential.

5.2 In consideration for the valuable initial and ongoing specialized training and Confidential Information described above, Franchisee and all the Principals agree as follows:

5.2.1 Franchisee, the Principals, and Franchisee's employees will not at any time, either during the Term of this Agreement or after the termination of this Agreement, communicate or disclose to any person or entity (other than Franchisor or a person or entity expressly designated by Franchisor in writing), or use outside the scope of the Franchised Business governed by this Agreement, any of the initial or ongoing specialized training or Confidential Information acquired by Franchisee, the Principals, or Franchisee's employees.

5.2.2 Franchisee and the Principals agree to use all reasonable efforts to maintain as confidential the initial and ongoing, specialized training and Confidential Information. Accordingly, Franchisee and the Principals agree that each of Franchisee, the Principals, and Franchisee's employees may not duplicate, copy, record, or otherwise reproduce, in whole or in part, materials containing Confidential Information and/or information imparted through initial and/or ongoing specialized training, except as expressly authorized in writing by Franchisor.

5.2.3 Except as otherwise approved in writing by Franchisor, Franchisee and the Principals agree that during the Term of this Agreement and for a continuous uninterrupted period of two (2) years thereafter (unless otherwise specified in this Section 5) commencing upon expiration, termination, assignment, or transfer of this Agreement, regardless of the cause, Franchisee, the Principals, and Franchisee's employees shall not, directly or indirectly, for itself/themselves or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or other business entity:

(a) Divert or attempt to divert to any competitor, by direct or indirect inducement or otherwise, any business or customer of the Franchised Business hereunder or any other Jani-King franchisee;

(b) Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Jani-King's trademarks or trade names, or the Jani-King System;

(c) Employ, seek to employ, or otherwise directly or indirectly induce to leave his/her employment any person who is employed by or has been employed within the previous twelve (12) months by Franchisor or by any of Franchisor's affiliated companies;

(d) Own, maintain, operate, engage in, or have any interest in any business which is in the commercial cleaning industry or commercial cleaning franchising industry (hereinafter referred to as "Competing Business"), which Competing Business operates, solicits business, or is intended to operate or solicit business within the Territory of this Agreement and for a period of one (1) year commencing upon the expiration or termination of this Agreement, regardless of the cause, in any other territory where a Jani-King franchise operates. The restrictive time periods described above shall be tolled during any period of noncompliance.

5.3 The Parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this section is held unreasonable or unenforceable by a court or agency having valid jurisdiction over any final decision to which Franchisor is a party that is not appealed, Franchisee and the Principals expressly agree that Franchisee, the Principals, and Franchisee's employees will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

5.4 Franchisee understands and acknowledges that Franchisor shall have the right, in Franchisor's sole discretion, to reduce the scope of any covenant set forth in this Section, or any portion thereof, without Franchisee's consent, effective immediately upon written notice to Franchisee; and Franchisee agrees that Franchisee shall comply with any covenant as so modified, which modified covenant shall be fully enforceable notwithstanding the provisions of any other Sections hereof.

5.5 Franchisee acknowledges that any materials and information provided to Franchisee, the Principals, or Franchisee's employees by Franchisor will at all times be and remain the property of Franchisor. Franchisee also acknowledges that any materials, concept, process, or improvement developed in the operation or promotion of the business governed by this Agreement by Franchisee, the Principals, or Franchisee's employees will at all times be and remain the property of Franchisor. Franchisee agrees to give Franchisor notice of and all necessary information related to such development(s). Upon sale, assignment, termination, expiration, or transfer of this Agreement, Franchisee shall deliver to Franchisor all property belonging to Franchisor (including but not limited to the materials described above) and/or relating to Franchisor's business. In addition, upon sale, assignment, termination, expiration, or transfer to this Agreement, Franchisee agrees to provide Franchisor with a list of all customers that Franchisee is servicing or has serviced on or at any time during the twelve (12) months preceding the date of such sale, assignment, termination, expirations, or transfer, and a copy of any contracts under which the service is or was provided.

5.6 Franchisee expressly agrees that the existence of any claims that Franchisee, the Principals, or Franchisee's employees may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees and all costs of court) incurred by Franchisor in connection with the enforcement of this Section of this Agreement.

5.7 Franchisee acknowledges that a violation of any of the terms of this Section 5 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Franchisee acknowledges that the initial and ongoing specialized training and Confidential Information described herein have been developed and compiled through Jani-King's time and effort in the franchising industry. Accordingly, Franchisee acknowledges that, in addition to Franchisor's remedies at law, Franchisor may seek and obtain preliminary and permanent injunctive relief restraining the breach or threatened breach by Franchisee; and Franchisee consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of this Section 5.

5.8 Franchisee is solely responsible for obtaining execution of covenants similar to those set forth in this Section 5 (including covenants applicable upon and after the termination of a person's relationship with Franchisee) from any or all Principals and employees of Franchisee who have received or will receive initial and/or ongoing specialized training or Confidential Information directly or indirectly from Franchisor. Every covenant required by this Section 5.8 shall be in a form satisfactory to Franchisor, including, without limitation, specific and express identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required herein shall constitute an Event of Default (as defined in Section 8) under the terms of this Agreement.

SECTION 6 FRANCHISOR PLEDGES

6.1. Franchisor pledges to do the following:

6.1.1 To offer Franchisee the opportunity to provide service to Franchisor's contracts located within the Territory, as defined herein, which have minimum cumulative gross monthly billings in an amount at least equal to the Initial Business. The contracts under which Franchisee will provide service are and will remain the property of Franchisor. The right to provide service to the Initial Business will be offered within the Initial Offering Period. The Initial Offering Period will begin on such date after all of the following requirements have been met by Franchisee, in the sole discretion of Franchisor:

(a) All required equipment and supplies (including a smart phone with mobile email access) have been obtained by Franchisee;

(b) Franchisee has successfully completed training as indicated by Franchisee's signing and returning to Franchisor the Acknowledgment of Completion of Training;

(c) Franchisee's delivery to Franchisor of written proof that Franchisee has obtained the insurance required under this Agreement;

(d) Franchisee's delivery of Articles of Incorporation or Organization and a certificate of good standing from the jurisdiction in which Franchisee was formed;

(e) Franchisee's delivery of a properly completed Internal Revenue Service Form W-9 Request for Taxpayer Identification Number certifying the Taxpayer Identification Number (Employer Identification Number) assigned by the Internal Revenue Service that will be used for operation of the Franchised Business;

(f) Franchisee's delivery of proof of Franchisee's registration with all state and local tax authorities to which Franchisee will be responsible for paying taxes and any other governmental regulatory agencies that require registration of the Franchisee's business activities or business activities in general, including any identification numbers assigned to Franchisee's business by such tax authorities and governmental agencies within the Territory; and

(g) Franchisee's delivery of proof of a valid and active business checking account held by Franchisee.

Notwithstanding items (a) through (g) above, the Initial Offering Period may begin at a later date if requested by Franchisee and agreed to by Franchisor, or as provided below. As a condition to Franchisee being eligible to provide service under the Jani-King name to certain customers and to protect the reputation and goodwill of the Jani-King name, Proprietary Marks, and the System, Franchisee and Franchisee's employees may be required to undergo background checks.

6.1.2 The actual time to secure and offer, as described above, the Initial Business to Franchisee may, at Franchisor's sole discretion, be automatically extended under the following conditions: (i) if Franchisee delivers a written request for a delay in the offering of the Initial Business; (ii) if Franchisee is in default under the terms and conditions of this Agreement or any other agreements between Franchisee and Franchisor; or (iii) if any of the Initial Business previously provided to Franchisee requests a transfer to another Franchisee or requests to be cancelled due to non-performance in which case Franchisee is required to repeat and complete to Franchisor's satisfaction all training classes required by Franchisor. In the event of the occurrence of any of the above conditions, Franchisor will have the remainder of the Initial Offering Period or a minimum of one hundred eighty (180) days, whichever is longer, from the date: (i) Franchisee notifies Franchisor that they are ready to accept the right to service other business and has provided any documentation required under this Agreement or under the Manual; (ii) Franchisee has cured any default; or (iii) the acknowledgment of retraining is signed; to offer the balance of Initial Business to Franchisee. Franchisor does not guarantee that the Initial Business will reach or remain at the level stated on the Franchise Summary throughout the Term of this Agreement.

6.2 Franchisor pledges to provide Franchisee with the Office Supply and Advertising Package outlined in Schedule One of this Agreement.

6.3 Franchisor pledges to make available to Franchisee applicable confidential manuals, training aids and other pertinent information concerning Jani-King brand standards and guidelines, recommendations, and advice.

6.4 Franchisor pledges to provide an initial training program to include Jani-King brand standards and guidelines, recommendations, and advice related to the operation of the Franchised Business. Franchisee agrees to successfully complete the training within six (6) months after the date of this Agreement.

6.5 Franchisor pledges to offer Franchisee the right to provide service under the Jani-King name to customers until Franchisee has been offered the right to provide service to

customers with cumulative gross monthly billings in an amount equal to or greater than the Initial Business.

6.6 Franchisor pledges to provide additional training and support for Franchisee at rates established by Jani-King. Currently, the rate is fifty dollars (\$50.00) per hour, plus expenses. This rate is subject to change at the sole discretion of Franchisor.

6.7 Franchisor pledges to allow Franchisee the non-exclusive right to use the Proprietary Marks in the Territory subject to limitations and restrictions herein, and to allow Franchisee to utilize the System developed by Jani-King.

6.8 At Franchisor's discretion and at a reasonable cost, Franchisor pledges to make other promotional materials, sales and service manuals, equipment, and other materials relevant to the operation of a Jani-King franchise available for loan and use by Franchisee.

SECTION 7 ADDITIONAL SERVICES

7.1 There are no additional services provided by Franchisor to Franchisee except as explicitly set forth in this Agreement.

SECTION 8 DEFAULT AND TERMINATION

8.1 Right to Terminate Immediately. Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure any default, effective immediately upon written notice to Franchisee, either by mailing or hand delivery, upon the occurrence of any of the following events (each of which constitutes an "Event of Default"):

(a) If Franchisee or any of the Principals is convicted of, pleads guilty or no contest to, pleas down to a lesser crime, or receives deferred adjudication for a felony, a crime involving theft, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect the System, any Proprietary Marks or the goodwill associated the System or any related interests or Franchisor's interests.

(b) If Franchisee or the Principals discloses or divulges the contents of any Confidential Information, or any other trade secrets or confidential information provided to Franchisee by Franchisor in violation of the terms and conditions of this Agreement.

(c) If Franchisee abandons the Franchised Business or otherwise forfeits the right to do or transact business in the Territory where the Franchised Business is located.

(d) If Franchisee or any of the Principals purport to transfer any rights or obligations under this Agreement or any customer contract to any third party without the Franchisor's prior written consent.

(e) If Franchisee or any of the Principals makes any material misrepresentations or untrue or false statements on the franchise application or in other correspondence relating to the acquisition of the Franchised Business.

(f) If the Franchisee has three (3) or more Events of Default within a twelve (12) month period, whether or not Franchisee cured the default after notice.

(g) If Franchisee is declared insolvent or bankrupt, or makes any assignment or trust mortgage for the benefit of creditors, or if a receiver, guardian, conservator, trustee in bankruptcy or similar officer is appointed to take charge of all or a part of Franchisee's property by a court of competent jurisdiction. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. §§ 101, et seq.).

8.2 Right to Terminate Following 24-Hour Cure Period. Franchisee's conduct that reflects materially and unfavorably on the reputation of the Franchised Business or on the Jani- King name, the System, Proprietary Marks, or the associated goodwill and reputation thereof will constitute an Event of Default. Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted hereunder immediately for such Event of Default if Franchisee fails to cure the default to Franchisor's satisfaction within twenty-four (24) hours of receiving written notice thereof.

8.3 Right to Terminate Following 30-Day Cure Period. Franchisee's failure to comply with any provision of this Agreement, the brand standards in the Manual, or any other agreement between Franchisor and Franchisee will constitute an Event of Default. If Franchisee fails to cure such Event of Default to the satisfaction of the Franchisor within thirty (30) days after written notice of default has been given thereof, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder effective immediately upon Franchisee's receipt of a written notice of termination. Events of Default by the Franchisee under this Section 8.3 include, without limitation, the occurrence of any of the following events:

(a) If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its subsidiaries or affiliates when due, or to submit the financial information required by Franchisor under this Agreement, or makes any false statements in connection therewith.

(b) If Franchisee (i) enters a contract with a customer without obtaining Franchisor's prior approval; (ii) takes payment directly from a customer; (iii) in any manner circumvents Franchisor's exclusive right to perform billing and accounting services for a customer; or (iv) otherwise does business with a customer without informing Franchisor of the terms of the customer contract or payment obligations of the customer.

(c) If Franchisee fails to maintain the brand standards that Franchisor requires in this Agreement or any other brand standards contained in Jani-King manuals, including the Manual.

(d) If Franchisee engages in conduct which reflects unfavorably on the reputation of the Franchised Business or on the Jani-King name, the System, Proprietary Marks, or the associated goodwill and reputation thereof.

(e) If Franchisee fails, refuses, or neglects to obtain the Franchisor's prior written approval or consent as required by this Agreement, other than as provided in Section 8.1(d).

(f) If Franchisee or any of the Principals misuses or makes any unauthorized use of the Proprietary Marks or other materials, including any forms of advertising, or otherwise materially impairs the goodwill associated with the Jani-King name, the System

or Franchisor's rights.

(g) If Franchisee is declared insolvent or bankrupt, or makes any assignment or trust mortgage for the benefit of creditors, or if a receiver, guardian, conservator, trustee in bankruptcy or similar officer shall be appointed to take charge of all or a part of Franchisee's property by a court of competent jurisdiction. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. §§ 101, etseq.).

(h) If Franchisee fails, refuses, or neglects to comply with the requirements set forth in Section 4.10.2.

(i) If Franchisee ceases to be duly organized, validly existing and in good standing under the laws of the state of Franchisee's formation or incorporation or to be duly licensed and qualified to transact business as a foreign entity in all jurisdictions in which the nature of the business conducted by it makes such qualifications as a foreign entity necessary.

(j) Any other event specifically designated in this Agreement as an Event of Default.

8.4 The termination of this Agreement shall be without prejudice to any remedy or cause of action which Jani-King may have against Franchisee for the recovery of any monies due Jani-King or any equipment or property of Jani-King, or to any other right of Jani-King to recover damages for any breach hereof.

8.5 If the provisions of this Agreement provide for periods of notice less than those required by applicable state law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable state law, Section 12.2.2 of this Agreement shall apply.

SECTION 9 TERM AND EXTENSION

9.1 Subject to Section 9.2 below, this Agreement and the franchise and license granted hereunder, unless sooner terminated, shall be and remain in full force and effect for a period of ten (10) years from and after the Effective Date of this Agreement (the "Term"). This Agreement shall expire ten (10) years after the Effective Date unless extended pursuant to the terms contained herein.

9.2 Provided Franchisee is not in default of this Agreement and provided Franchisee has delivered to Franchisor the required notice, Franchisee shall have the option to renew this Agreement for an additional period of ten (10) years and for two (2) subsequent, additional ten (10) year periods following the first extension (a total of forty (40) years when the initial period and renewal terms are combined). Prior to the expiration of each ten (10) year term, Franchisee must notify Franchisor in writing of Franchisee's intention to renew the Agreement not less than seven (7) months or more than twelve (12) months prior to the end of the then current term.

9.3 As a condition to and at the time of any renewal, Franchisee is required to execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and Franchisor's subsidiaries, and their respective officers, directors, agents, and employees in their corporate and individual capacities, including without limitation, claims arising under this Agreement and any federal, state and local laws, rules, and ordinances.

9.4 As a further condition to and at the time of any renewal, Franchisee agrees to execute Franchisor's then current franchise agreement being used by Franchisor, which may differ substantially from the agreement under which the Franchisee has operated, and any other ancillary agreements and documents as Franchisor may require. Franchisee understands that the most current executed agreement between Franchisee and Franchisor will govern relations between Franchisor and Franchisee for the following ten (10) year term. However, no additional Initial Franchise Fee or renewal fee shall be paid by Franchisee at the time of renewal, nor shall Franchisor be obligated to provide any additional Initial Business or training.

SECTION 10 TRANSFER

10.1 This Agreement shall inure to the benefit of the successors and assigns of Franchisee. The interests of Franchisee in this Agreement are personal and may not be sold, assigned, transferred, shared or divided in any manner, by operation of law or otherwise (each, a "Transfer"), by Franchisee without the written consent of Franchisor, which consent shall not be unreasonably withheld. For purposes of this Agreement, any change in stock ownership, voting or other control whatsoever of a corporation or other entity which acts as Franchisee under this Agreement constitutes a Transfer. For all purposes herein, a beneficiary of a trust which owns a beneficial interest in Franchisee which is an entity shall be deemed to have an interest in this Agreement. Provided further, for all purposes herein, if a trust owns a beneficial interest in Franchisee which is an entity, any change in the beneficial interest of a beneficiary shall constitute a Transfer. Any transaction or series of transactions which would have such an effect must be approved by Franchisor on the same basis as any other Transfer as set forth herein. Franchisee hereby covenants and warrants that (i) Franchisee's certificate or articles of incorporation or formation, corporate charter, by-laws, LLC agreement, and/or company agreement limit Transfers as described in this Section 10, and (ii) if Franchisee is a corporation, each security shall bear a legend (in a form to which Franchisor consents) indicating that any Transfer is subject to this Section 10.

10.2 In the event Franchisee seeks to transfer a single customer contract to another franchisee, rather than the Franchised Business as a whole, Franchisee must obtain Franchisor's prior written consent before transferring any single customer contract to another franchisee, which consent will which consent will not be unreasonably withheld. Franchisee may not transfer a customer contract to a Competing Business outside the Jani-King franchise system.

10.3 Franchisee agrees to pay to Franchisor the greater of \$2,000.00 or 10% of the sales price or exchanged value as a transfer fee (the "Transfer Fee"). This Transfer Fee must be paid before Franchisor will grant consent to the Transfer. If no monetary consideration or other exchange of value is made for the Transfer of a franchise, no Transfer Fee will be charged for a transfer to: (i) any party currently holding an interest in the franchise at the time of the Transfer; (ii) a controlled corporation in which the current owners of the franchise retain 90% percent or greater of the outstanding shares of stock; or (iii) if the Transfer is to an immediate family member of the current owner (for the purposes of this Section 10.3, family members include Franchisee's spouse, mother, father, brother, sister, and children only), whether an *inter vivos* Transfer or upon death. An administrative fee will be charged to cover necessary and reasonable costs and preparation of the documents associated with the Transfer if no Transfer Fee is assessed. The current administrative fee is \$250.00, but the fee may be increased by Franchisor in the future.

10.4 Prior to the Transfer of the Franchised Business or a single customer contract, Franchisee shall provide to Franchisor a copy of any written agreements relating to the proposed Transfer or any additional information which Franchisor may require in order to determine if

Franchisor will grant consent to the proposed Transfer. Franchisee agrees that consent to any Transfer will be granted only when: (i) all obligations under the terms of this Agreement have been fulfilled; (ii) all money owed by Franchisee to Franchisor and Franchisor's affiliates has been paid in full; (iii) the purchaser of the franchise agrees to undergo and successfully completes the training required of a new Jani-King franchisee; and (iv) the purchaser of the franchise executes Franchisor's then current franchise agreement which may differ substantially from this Agreement. Franchisee agrees to continue providing service to all contracts and customer accounts to which Franchisee is providing service at the time of the proposed Transfer until items (i) through (iv) above are complete and such Transfer is consummated.

10.5 Franchisee also agrees to provide, as a condition of Franchisor's consent to the Transfer of the Franchised Business, a personal covenant to the purchaser not to seek to divert business from Franchisor's franchisees for a period of two (2) years after the Transfer. Franchisee also agrees to provide, as a condition of Franchisor's consent to the Transfer of a single customer contract, a personal covenant to the purchaser not to seek to divert business from that customer for a period of two (2) years after the Transfer. The transferor must also execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, Franchisor's parent corporation and affiliated corporations, and the officers, directors, shareholders, and employees of Franchisor and each parent and affiliate corporation in their corporate and individual capacities including, without limitation, claims arising under this Agreement and federal, state, and local laws, rules, and ordinances.

10.6 This Agreement is fully assignable by Franchisor and shall inure to the benefit of any assignee or other legal successor to the interest of Franchisor.

SECTION 11 RIGHT OF FIRST REFUSAL

11.1 If Franchisee receives a bona fide arms-length offer to purchase Franchisee's interest in this Agreement (or in the business conducted hereunder) or a customer contract from any third party, or in the event Franchisee proposes to convert, assign, or otherwise transfer Franchisee's interest in this Agreement (or in the business conducted hereunder) or a customer contract, in whole or in part, to any third party, Franchisee hereby agrees to offer to Franchisor a first right to purchase or otherwise receive Franchisee's interest under the same terms and conditions offered to or accepted from the third party (the "Right of First Refusal"). Franchisee's failure to offer to Franchisor the Right of First Refusal shall be an Event of Default of the terms of this Agreement. Notwithstanding anything contained herein to the contrary, Franchisee shall not be obligated to offer Franchisor the Right of First Refusal if the Transfer is solely between Franchisee and (i) a corporation whose original sole shareholders are individuals who comprise the original Franchisee; or (ii) the immediate family of Franchisee or the immediate family of the individuals described in (i) herein. For the purpose of this Section, immediate family shall mean the spouse, children, siblings, or parents of Franchisee only.

11.2 Franchisee shall make available to Franchisor in a written statement verified by Franchisee the terms of the offer received or made by Franchisee, and Franchisor shall have thirty (30) days from the receipt of said statement to either accept or refuse such offer. Written notice of Franchisor's decision to accept or refuse said offer shall be delivered to Franchisee. Acceptance by Franchisor shall be at the same price and on the same terms set forth in the written statement submitted by Franchisee.

11.3 If Franchisor fails to accept the offer within the thirty (30) day period, Franchisee shall be free to effect the disposition described in the statement upon the exact terms set forth in the

statement delivered to Franchisor, provided that nothing in this Section shall be interpreted as limiting the requirements of Sections 4.29 and 10.

11.4 Furthermore, if Franchisee is insolvent, or upon the filing of any petition by or against Franchisee under any provisions of any bankruptcy law, Franchisor shall have the first right to purchase the business conducted by Franchisee, for an amount and pursuant to terms established by an independent appraiser selected by Franchisor.

SECTION 12 GENERAL

12.1 Nothing in this Agreement shall be construed to prevent Franchisee from freely setting Franchisee's own prices and discounts for services and products which Franchisee may render or sell provided such actions do not affect the business of Franchisor.

12.2.1 Should any part of this Agreement for any reason be declared invalid or unenforceable, such decision shall not affect the validity of the remaining portion, which remaining portion shall remain in full force and effect as if this Agreement had been executed with the invalid or unenforceable portion eliminated, and the Parties to this Agreement agree that they would have executed the remaining portion of this Agreement without including any such part, parts, or portion which may, for any reason, hereafter be declared invalid or unenforceable.

12.2.2 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of the Agreement or any requirement prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and Franchisor shall have the right to modify such invalid or unenforceable provision or requirement to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is comprehended within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any requirement prescribed by Franchisor, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement shall be effective only in such jurisdiction, unless Franchisor elects to give them greater applicability, and shall be enforced as originally made and entered into in all the jurisdictions.

12.3 This Agreement and the Attachments, Exhibits, and Schedules hereto constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof and supersede all prior agreements, negotiations, representations, and correspondence concerning the same subject matter; provided, however, that nothing in this Agreement or any related agreement is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document that Franchisor furnished to Franchisee. All transactions between Franchisee and Franchisor regarding any operation of a Jani-King franchised business granted under any franchise agreement dated prior to this Agreement shall be controlled by this Agreement and the most current publication of the Manual. Any amendment or modification to this Agreement is invalid unless made in writing and signed by all the Parties.

12.4 Franchisee acknowledges that neither Franchisor nor anyone on Franchisor's behalf has made any representations, promises or agreements, orally or otherwise, respecting the subject matter of this Agreement which is not embodied herein. Franchisee specifically acknowledges that the only financial performance information Franchisor may furnish is set forth in Item 19 of the Franchise Disclosure Document; that no officer, director, employee, agent, representative or independent contractor of ours is authorized to furnish Franchisee or the Principals with any financial performance information; that, if they nevertheless do, neither Franchisee nor the Principals shall rely on any such financial performance information provided by any such individual; and, that if any such individual attempts to or actually does give Franchisee or the Principals any such financial performance information in contravention of this provision, Franchisee shall immediately communicate such activity to Franchisor. For the purpose of this Agreement, "financial performance information" means information given, whether orally, in writing or visually which states, suggests or infers a specific level or range of historic or prospective sales, expenses and/or profits of franchised or non-franchised units.

12.4.1 Franchisee acknowledges that Franchisee has carefully read this Agreement, that ample opportunity has been provided for Franchisee to obtain the services of an independent legal or financial advisor, and that Franchisee has had the opportunity to have this Agreement and all supporting disclosure documentation, as well as any other information gathered by the Franchisee, reviewed by an attorney and/or financial advisor of Franchisee's own choice.

12.4.2 Franchisee further acknowledges that Franchisor does not authorize any representative of Franchisor to make any oral, written, visual or other claim or representation that is not contained in the Franchise Disclosure Document provided to Franchisee by Franchisor and does not permit any promises, agreements, contracts, commitments or representations to be made to Franchisee except those stated in this Agreement.

12.5 Franchisee acknowledges that the Franchised Business and all documents and information Franchisee receives from Franchisor relating to the operation of the Franchised Business, including the manuals and communication tools and the training will be presented to Franchisee in the English language. Franchisee is solely responsible for ensuring that a representative that is fluent in the English language present during any training provided by Jani-King and available for any translating necessary during the operation of the Franchised Business.

12.6 The Parties agree and understand that Franchisee will be at all times an independent contractor under this Agreement and will not, at any time, directly or indirectly, hold itself out as an agent, servant, employee or joint employee of Franchisor. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment, joint employment or fiduciary relationship of any kind. All Principals and employees of Franchisee will be considered to be employees of Franchisee and only Franchisee, at all times. None of Franchisee's employees or Principals will be considered to be employees of Franchisor. Neither Franchisee, nor any of the Principals, nor any of Franchisee's employees whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, be construed to be Franchisor's employee or joint employee for any purpose. Franchisee may not, without Franchisor's prior written approval, have any power to obligate Franchisor for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement.

12.7 No waiver by Franchisor of any default in performance on the part of Franchisee, time being of the essence, or like waiver by Franchisor of any breach or series of breaches, of any of the terms, covenants and conditions of this Agreement shall constitute a waiver of any subsequent breach or waiver of said terms, conditions or covenants.

12.8 Any notice required or permitted under this Agreement must be in writing and delivered by personal delivery service providing written receipt of delivery, by deposit in the U.S.

mail, certified, return receipt requested, or by a recognized express delivery service providing written receipt of delivery at the address listed for the Franchisee in the Franchise Summary or to Franchisor at the following address:

Focus Franchising, Inc. dba Jani-King of Madison
6472 Ronald Reagan Ave.
Madison, WI 53704

A Party to this Agreement may change its notice information by providing written notice to the other Parties pursuant to the notice requirements stated above, and such change shall be effective as to each other Party on the tenth (10th) day after delivery to such other Party.

12.9 THE PARTIES AGREE AND INTEND THIS INSTRUMENT TO BE EXECUTED, INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WISCONSIN, WITHOUT REFERENCE TO CONFLICT OF LAWS PRINCIPLES. WISCONSIN LAW SHALL APPLY TO ALL CLAIMS, DISPUTES, AND DISAGREEMENTS BETWEEN THE PARTIES, WHETHER ARISING FROM ALLEGED BREACHES OF THE CONTRACT OR AGREEMENT OR OTHER CLAIMS ARISING IN ANY WAY FROM THE PARTIES' DEALINGS. JURISDICTION AND VENUE IS DECLARED TO BE EXCLUSIVELY IN DANE COUNTY, IN THE STATE OF WISCONSIN, OR IN THE APPLICABLE UNITED STATES DISTRICT COURT.

12.9.1 THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THIS AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.

12.9.2 THE PARTIES AGREE THAT IF ANY CONTROVERSY, DISPUTE OR QUESTION OF INTERPRETATION ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OCCURS, THE PARTIES MUST FIRST PROVIDE WRITTEN NOTICE OF ANY SUCH CONTROVERSY, DISPUTE OR QUESTION OF INTERPRETATION TO THE OTHER PARTY. IF, AFTER THIRTY (30) DAYS FROM THE DATE OF SUCH WRITTEN NOTICE, THE CONTROVERSY, DISPUTE OR QUESTION OF INTERPRETATION CANNOT BE AMICABLY RESOLVED BY THE PARTIES, THEN PRIOR TO FILING A SUIT OR OTHER ADVERSARY ACTION IN ANY COURT, THE PARTIES WILL SUBMIT TO NON-BINDING MEDIATION IN DANE COUNTY, WISCONSIN, IN A GOOD FAITH EFFORT TO RESOLVE ANY SUCH DISPUTES. ONLY AFTER THE PARTIES HAVE FULLY PARTICIPATED IN THE MEDIATION MAY ANY PARTY INSTITUTE A SUIT OR OTHER ADVERSARY ACTION AGAINST THE OTHER PARTY. THE COSTS FOR SUCH NON-BINDING MEDIATION SHALL BE BORN EQUALLY AMONG THE PARTICIPANTS WITH EACH PARTY BEARING THE COST FOR THEIR OWN RESPECTIVE ATTORNEYS. Notwithstanding the foregoing, the Parties mutually agree that Franchisor may bring and maintain an action against Franchisee or the Principals in any court of competent jurisdiction, without first providing written notice or submitting to non-binding mediation, for any amounts due to Franchisor under the Franchise Agreement or any ancillary agreements between Franchisor and Franchisee, and for any extraordinary relief against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. THE PARTIES AGREE THAT ANY SUIT FILED IN DIRECT CONTRADICTION TO THIS SECTION SHALL BE IMMEDIATELY ABATED UNTIL ALL PRE-SUIT DISPUTE RESOLUTION REQUIREMENTS ARE FULFILLED.

12.10 The submission of this Agreement does not constitute an offer to license, and this

Agreement shall become effective only upon execution thereof by Franchisor and Franchisee and the compliance with Section 12.12.

12.11 THE PARTIES AGREE THAT ANY DAMAGES SOUGHT BY OR AWARDED TO FRANCHISEE SHALL BE LIMITED TO FRANCHISEE'S TOTAL INVESTMENT WITH FRANCHISOR, AND NO PUNITIVE OR EXEMPLARY DAMAGES WILL BE AWARDED TO FRANCHISEE.

12.12 This Agreement shall not be binding on Franchisor unless and until it has been accepted and signed by an officer or regional director of Franchisor.

12.13 The numbers and headings of sections and paragraphs used herein are for convenience only and do not affect the substance of the sections and paragraphs themselves.

12.14 Franchisee certifies and warrants that all owners and spouses of owners and all persons who are a shareholder, member, manager, officer or director of any corporation who holds the Franchised Business: (i) are listed in the attached SCHEDULE OF PRINCIPALS; and (ii) that all such parties will execute all guarantees or other documents required by Jani-King.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have set their hands this _____ day of _____, 20____.

FRANCHISOR:

**FOCUS FRANCHISING, INC.
DBA JANI-KING OF MADISON**

By: _____
Jeffrey Weyker, President

FRANCHISEE:

[NAME]

By: _____
Signature of Owner, Partner or Authorized Officer

Print Name

Title

Social Security Number

Federal Tax ID Number

By: _____
Signature of Owner, Partner or Authorized Officer

Print Name

Title

Social Security Number

Federal Tax ID Number

ACCEPTED by the Home Office of Franchisor on this _____ day of _____, 20____.

By: _____
Authorized Representative

SCHEDULE OF PRINCIPALS

ANY OTHER PERSON NOT LISTED IN THIS AGREEMENT WHO IS A SPOUSE, PARTNER, OFFICER, DIRECTOR, MANAGER, MEMBER OR SHAREHOLDER OF FRANCHISEE:

Name: _____
Relationship: _____
Taxpayer ID: _____
Address: _____
Telephone: _____

Name: _____
Relationship: _____
Taxpayer ID: _____
Address: _____
Telephone: _____

Name: _____
Relationship: _____
Taxpayer ID: _____
Address: _____
Telephone: _____

Name: _____
Relationship: _____
Taxpayer ID: _____
Address: _____
Telephone: _____

SCHEDULE ONE

“OFFICE SUPPLY AND ADVERTISING PACKAGE”

LIST OF MATERIALS PROVIDED TO FRANCHISEE
PURSUANT TO THE FRANCHISE AGREEMENT

ITEM	AMOUNT
JANI-KING Business Cards (imprinted logo)	500
JANI-KING Logo/Border Paper (matching envelopes)	100
JANI-KING Color Tri-Fold	50
JANI-KING Aprons/Tunics	3
JANI-KING Polo Shirts	2
JANI-KING T-Shirts	4
JANI-KING Inspection Pads	5
JANI-KING Memo Pads	5
JANI-KING Past Performance Pads	5
JANI-KING Account Bid Sheet Pad	1 pad
JANI-KING Contact Evaluation Pad (replace as needed)	1 pad
JANI-KING Logo Binders	2
JANI-KING Executive Pad Holder	1
JANI-KING Tri-fold Pad Holder	1
JANI-KING Training Videos	1 set
JANI-KING Customer Relations Handbook	1
JANI-KING Account Follow-up Sheets (replace as needed)	5
JANI-KING New Account Start-Up (replace as needed)	5
JANI-KING Initial Clean Sign-Off Sheets (replace as needed)	5
JANI-KING Franchisee Request Cards (replace as needed)	5
JANI-KING Authorization for Extra Work Forms (replace as needed)	5
JANI-KING Business Card Order Forms	As Needed

SCHEDULE ONE (continued)

“SUPPLY AND EQUIPMENT PACKAGE”

THE FOLLOWING SUPPLIES AND EQUIPMENT MUST BE PURCHASED BY EACH FRANCHISEE PURSUANT TO THE FRANCHISE AGREEMENT AND PRIOR TO FRANCHISOR OFFERING ANY OF THE INITIAL BUSINESS.

The products listed may be purchased from Franchisor, subject to shipping restrictions, or any other source. Franchisor reserves the right, upon thirty (30) days’ notice to Franchisee, to require Franchisee to purchase all cleaning equipment and supplies for the operation of the Franchised Business from one or more of Franchisor’s affiliates, or from a vendor approved by Franchisor. Prices currently charged by Franchisor may be changed or modified in the future.

ITEM	AMOUNT
All Purpose Cleaner (Biodegradable for use on walls, formica, etc.)	1 - one gallon container (or equivalent)
Glass Cleaner	1 - one gallon container (or equivalent)
Restroom Disinfectant	1 - one gallon container (or equivalent)
Cream Cleanser	2 - one quart containers (or equivalent)
Neutral Floor Cleaner	1 - one gallon container (or equivalent)
Carpet Cleaning Concentrate (Bonnet Method)	1 gallon
Carpet Spot Remover	1 can (or equivalent)
Floor Finish Stripper	1 gallon
High Gloss Floor Finish	1 gallon
Stainless Steel Cleaner	1 can
Non-Acid Bowl Cleaner	2 – one quart containers (or equivalent)
Small Trash Liners (10-12 gallon capacity)	1 case
Large Trash Liners (40-45 gallon capacity)	1 case

ITEM	AMOUNT
Microfiber Charging Mop Bucket	1
18” Microfiber Mops	8
18” Microfiber Dust Mops w/ fringe	2
18” Aluminum Mop Holders Trapezoidal	2
60” Quick Change Type Fiberglass Mop Handle	2
Metal-Tipped Handle for Doodle Bug	1
Doodle Bug Holder and Pads (3)	1
Plastic Angle Broom	1
Corner Brush	1
Toy Broom	1
Janitor Dust Pan	1
Microfiber Towels (5 of each color)	5 – Blue, Red, Green, Yellow
Clear Safety Glasses	2

SCHEDULE ONE (continued)

“SUPPLY AND EQUIPMENT PACKAGE” – Continued

ITEM	AMOUNT
17” Black Stripping Pad	5
17” Red Buffing Pad	5
17” Bonnet Pad	1
Window Squeegee Handle	1
10” Window Stripwasher with Sleeve	1
12” Squeegee Channel	1
Commercial Sponge with Scrubber	1
Commercial Sponge	1
Roll-around Trash Container (55 gallon)	1
Brute Container Caddy	1

ITEM	AMOUNT
Disposal Gloves	1 box
Putty Knife	1
Sanitary Bowl Swab	2
Rubber Door Stop	1
Wet Floor Caution Sign	2
One Quart Spray Bottle	6
Trigger Sprayer	6
8 oz. Measuring Cup	1
Lambswool Duster (Telescoping)	1
Cellular Phone (not Available through Franchisor)	1

Franchisor may adjust the items included in the Supply and Equipment Package as industry standards change.

SCHEDULE ONE (continued)

“ADDITIONAL ELECTRIC EQUIPMENT”

THE FOLLOWING EQUIPMENT MUST BE PURCHASED BY EACH FRANCHISEE PURSUANT TO THE FRANCHISE AGREEMENT AND PRIOR TO FRANCHISOR OFFERING ANY OF THE INITIAL BUSINESS.

The products listed may be purchased from Franchisor or any other source. Prices currently charged by Franchisor may be changed or modified in the future.

QUANTITY	DESCRIPTION	UNIT PRICE
1	17” Heavy Duty Floor Machine with 1.5 HP electric motor, triple planetary gearing, includes pad driver, 175 rpm, with easy adjusting handle	\$1,287.06 each
1	Wet/Dry vacuum with 14 gallon tank includes tool package	\$847.18 each
1	Backpack Vacuum Cleaner, 10 qt. including tool package	\$641.74 each

In addition to the above equipment, any Franchisee purchasing Plans D and higher must purchase the following equipment:

QUANTITY	DESCRIPTION	UNIT PRICE
1	20” high speed Burnisher with dust control	\$2,800.16 each

In addition to all of the above equipment, any Franchisee purchasing Plans E and higher must purchase the following equipment:

QUANTITY	DESCRIPTION	UNIT PRICE
1	Self-contained Extractor with 9 gallon solution tank	\$3,081.46 each



GUARANTY

In consideration of the making by **Focus Franchising, Inc. d/b/a Jani-King of Madison** (“Franchisor”) of that certain Jani-King franchise agreement (“Franchise Agreement”) dated the day of _____, 20_____, by and between Franchisor and _____ (“Franchisee”), which the parties agree was made, in part, on this Guaranty, the undersigned (“Guarantor”) unconditionally guarantees to Franchisor, its successors and assigns (collectively “Franchisor”) the complete and timely performance by Franchisee of all terms of the Franchise Agreement, including full compliance of the non-compete provisions and prompt payment of all royalty, accounting, advertising, and other fees, Promissory Note payments and all other sums due. In that Guarantor is: (i) a spouse or partner of the Franchisee, if the Franchisee is a sole proprietorship or partnership; or (ii) a shareholder, officer or director of a corporation which owns interest in the franchise; or (iii) otherwise a principal with a beneficial interest in the Franchise Agreement, and thus will be privy to the confidential information and trade secrets of Franchisor, Guarantor agrees to comply with all covenants of the Franchise Agreement including the covenants related to the protection of the Jani-King trade and service marks, all noncompetition provisions or other restrictive covenants, financial responsibilities, and all post termination covenants of the Franchise Agreement, including the noncompetition provisions and other obligations set out regarding transfer, expiration, termination or non-renewal of the Franchise Agreement. Guarantor further agrees that all such covenants shall be binding upon and fully enforceable against Guarantor as though they were fully set forth in this Guaranty and Guarantor accepts all responsibility and liabilities relating to the covenants. This covenant shall survive any dissolution of marriage, resignation or other withdrawal of Guarantor from affiliation with Franchisee.

Guarantor waives notice of acceptance of this Guaranty, waives diligence, presentment, and suit by Franchisor to enforce any covenant of the Franchise Agreement or other guarantees herein. Guarantor further waives notice of Franchisee’s default under the Franchise Agreement, and any notice required to be presented to Franchisee pursuant to the Franchise Agreement. This Guaranty will remain in effect with regard to any renewals, modifications or amendments to the Franchise Agreement by Franchisee or its successors or assigns (collectively “Franchisee”), without notice or approval of same by Guarantor, provided any transfer of ownership rights relating to the Franchise Agreement have been approved by Franchisor in accordance with the terms of the Franchise Agreement. This Guaranty shall remain valid until released in writing by Franchisor. No action or inaction by Franchisor shall serve to release this Guaranty.

Franchisor reserves the right to join Guarantor in any action or proceeding commenced against Franchisee. Franchisor may file suit and recover judgment from Guarantor without prior suit or exhaustion of any remedy against Franchisee. If Franchisee is involved in a bankruptcy, reorganization or winding up, no laws, regulations, administrative or judicial determination pertaining to such action shall limit this Guaranty in any way.

This Guaranty shall be binding upon the Guarantor’s agents, successors, assigns, heirs, executors, and administrators. Where there is more than one Guarantor, each shall be jointly and severally liable for each obligation of the Guarantor herein. This Guaranty shall not be revoked or impaired as to any Guarantor by the death of the other party.

If this Guaranty is placed in the hands of an attorney for enforcement, Guarantor agrees to pay all of Franchisor’s expenses, including reasonable attorney’s fees, incurred in its enforcement.

Signed this _____ day of _____, 20_____.

GUARANTOR:

GUARANTOR:

Signature

Signature

Print Name

Print Name

Guarantor's Resident Address

Guarantor's Resident Address

GUARANTOR:

GUARANTOR:

Signature

Signature

Print Name

Print Name

Guarantor's Resident Address

Guarantor's Resident Address

GUARANTOR:

GUARANTOR:

Signature

Signature

Print Name

Print Name

Guarantor's Resident Address

Guarantor's Resident Address

EXHIBIT II
Account Acceptance Agreement



ACCOUNT ACCEPTANCE

CLIENT: _____

FRANCHISEE NUMBER: _____

CONTACT NAME: _____

NAME: _____

ADDRESS: _____

ADDRESS: _____

GROSS MONTHLY BILLING: \$ _____

START DATE: _____, 2 _____

1. The above named franchisee ("Franchisee") hereby accepts the designation being offered by Focus Franchising, Inc. dba Jani-King of Madison ("Jani-King") to provide service to the above named client at the address listed under the terms of the Jani-King maintenance agreement or other contract between Jani-King and Client ("Maintenance Agreement"), a copy of which is attached to this Account Acceptance Agreement ("Agreement") and agrees to adhere to all the terms of the Maintenance Agreement including the Cleaning Schedule and performing such service according to all Jani-King standards, procedures and policies. Franchisee acknowledges receiving a copy of the Maintenance Agreement and Cleaning Schedule.
2. Franchisee certifies that it has sufficient working capital to purchase all needed supplies and equipment, and to meet all expected payrolls for the first forty-five (45) days of service under the maintenance Agreement.
3. Franchisee acknowledges and agrees that the services provided by Franchisee and Franchisee's agents are, at all times, subject to Jani-King's policies, procedures and performance standards, and that a representative of Jani-King will inspect this client location from time to time in order to ensure that the services being provided by Franchisee and Franchisee's agents is being performed in accordance with the Maintenance Agreement and to the performance standards of Jani-King. Franchisee further acknowledges and agrees that if, at any time, whether through client communication or inspection, a deficiency in performance is reported or discovered, a Complaint Fee and Service Fee established in the Jani-King Policies and Procedures will be applicable.
4. Franchisee acknowledges that the Maintenance Agreement is the property of Jani-King, and Jani-King retains all rights under the terms and conditions of the Maintenance Agreement.
5. In the event an attorney is employed by Jani-King to enforce any of the terms of this Agreement, Franchisee agrees to pay all reasonable costs and attorneys' fees in connection therewith.

DATE: _____, 2 _____.

FRANCHISEE:

Signature of Franchisee or Authorized Agent

Print Name/Title

EXHIBIT III
Office Supply and Advertising Package, Supply and Equipment Package, and Additional Electric Equipment

SCHEDULE ONE
“SUPPLY AND EQUIPMENT PACKAGE”

THE FOLLOWING SUPPLIES AND EQUIPMENT MUST BE PURCHASED BY
EACH FRANCHISEE PURSUANT TO THE FRANCHISE AGREEMENT AND
PRIOR TO FRANCHISOR OFFERING ANY OF THE INITIAL BUSINESS

The products listed may be purchased from Franchisor, subject to shipping restrictions, or any other source. Franchisor reserves the right, upon thirty (30) days' notice to Franchisee, to require Franchisee to purchase all cleaning equipment and supplies for the operation of the Franchised Business from one or more of Franchisor's affiliates, or from a vendor approved by Franchisor. Prices currently charged by Franchisor may be changed or modified in the future.

ITEM	AMOUNT
All Purpose Cleaner (Biodegradable for use on walls, formica, etc.)	1 – one gallon container (or equivalent)
Glass Cleaner	1 – one gallon container (or equivalent)
Restroom Disinfectant	1 – one gallon container (or equivalent)
Cream Cleanser	2 – one quart containers (or equivalent)
Neutral Floor Cleaner	1 – one gallon container (or equivalent)
Carpet Cleaning Concentrate (Bonnet Method)	1 gallon
Carpet Spot Remover	1 can (or equivalent)
Floor Finish Stripper	1 gallon
High Gloss Floor Finish	1 gallon
Stainless Steel Cleaner	1 can
Small Trash Liners (10-12 gallon capacity)	1 case
Large Trash Liners (40-45 gallon capacity)	1 case

ITEM	AMOUNT
Microfiber Charging Mop Bucket	1
18” Microfiber Mops	8
18” Microfiber Dust Mops w/ fringe	2
18” Aluminum Mop Holders Trapezoidal	2
60” Quick Change Type Fiberglass Mop Handle	2
Metal-Tipped Handle for Doodle Bug	1
Doodle Bug Holder and Pads (3)	1
Plastic Angle Broom	1
Corner Brush	1
Toy Broom	1
Janitor Dust Pan	1
Microfiber Towels (5 of each color)	5 – Blue, Red, Green, Yellow
Clear Safety Glasses	2

SCHEDULE ONE (continued)
“SUPPLY AND EQUIPMENT PACKAGE” - Continued

ITEM	AMOUNT
17" Black Stripping Pad	5
17" Red Buffing Pad	5
17" Bonnet Pad	1
Window Squeegee Handle	1
10" Window Stripwasher with Sleeve	1
12" Squeegee Channel	1
Commercial Sponge with Scrubber	5
Commercial Sponge	1
Roll-around Trash Container (55 gallon)	1
Lambswool Duster (Telescoping)	1

ITEM	AMOUNT
Disposal Gloves	1 box
Putty Knife	1
Sanitary Bowl Swab	2
Rubber Door Stop	2
Wet Floor Caution Sign	2
One Quart Spray Bottle	6
Trigger Sprayer	6
8 oz. Measuring Cup	1
Cellular Phone (not Available through)	1
Clear Safety Glasses	2

Franchisor may adjust the items included in the Supply and Equipment Package as industry standards change.

“ADDITIONAL ELECTRIC EQUIPMENT”

THE FOLLOWING EQUIPMENT MUST BE PURCHASED BY EACH FRANCHISEE PURSUANT TO THE FRANCHISE AGREEMENT AND PRIOR TO FRANCHISOR OFFERING ANY OF THE INITIAL BUSINESS.

The products listed may be purchased from Franchisor or any other source. Prices currently charged by Franchisor may be changed or modified in the future.

QUANTITY	DESCRIPTION	UNIT PRICE
1	17” Heavy Duty Floor Machine with 1.5 HP electric motor, triple planetary gearing, includes pad driver, 175 rpm, with easy adjusting handle	\$1,287.06 each
1	Wet/Dry vacuum with 14 gallon tank includes tool kit	\$847.18 each
1	Backpack Vacuum Cleaner, 10 qt. including tool package	\$641.74 each

In addition to the above equipment, any Franchisee purchasing Plans D and higher must purchase the following equipment:

QUANTITY	DESCRIPTION	UNIT PRICE
1	20” high speed Burnisher with dust control	\$2,800.16 each

In addition to all of the above equipment, any Franchisee purchasing Plans E30 and higher must purchase the following equipment:

QUANTITY	DESCRIPTION	UNIT PRICE
1	Self-contained Extractor with 9 gallon solution tank with built-in spotting tool	\$3,081.46 each

EXHIBIT IV
Equipment Lease Agreement and Guaranty of Payment and Performance

FOCUS FRANCHISING, INC.

EQUIPMENT LEASE AGREEMENT

Franchisee Name: _____

Franchisee Address: _____

Franchisee Number: _____ Phone: _____

This is an Equipment Lease Agreement ("**Lease**") between _____, a Franchisee of Jani-King of MADISON as Lessee, and FOCUS FRANCHISING, INC., as Lessor, which covers the lease of the equipment described below. As used in this Lease, the words "I", "me", or "my" refer to the Lessee, the words "you" or "your" refer to the Lessor and the words "we" or "us" refer to both the Lessee and Lessor. I understand that the consumer law disclosures you have made in this Lease are also made on behalf of any eventual assignee of this Lease, if any.

Equipment Description (the "**Equipment**"): _____

AMOUNTS DUE UPON LEASE SIGNING, MONTHLY LEASE OBLIGATIONS, AND END OF TERM PAYMENT: I will pay the following amounts when due.

Due On Lease Signing

Monthly Payments

Due On End of Term Purchase

Down Payment \$ _____

Monthly Payment \$ _____

Last Payment \$ _____

LEASE TERM AND MONTHLY PAYMENTS: This Lease becomes effective when I sign it and will be for a term of months beginning with delivery of the Equipment and will require the same number of monthly payments of \$ _____ plus applicable tax. I will pay the down payment when I sign this Lease. Beginning the month after delivery of the Equipment, I promise to pay monthly payments on or before the 10th of each month. I agree payments owed to you may be deducted from monies to be remitted to me by Jani-King of MADISON (Franchisor) pursuant to the Franchise Agreement between Franchisor and me (FRANCHISEE) and I agree to hold Jani-King of MADISON harmless.

LEASE TERMINATION AND PURCHASE OPTION: This Lease includes a right to purchase the Equipment at the end of the term of this Lease, at my option, for \$ _____ ("**Purchase Price**"), which I agree may be deducted from monies to be remitted to me by Franchisor pursuant to the Franchise Agreement. I will be deemed to have exercised the purchase option unless I return the Equipment to you on or before the end of the Lease term. If (i) at the end of the Lease term, I choose not to purchase the Equipment, (i) the Lease is terminated early, or (iii) I default on this Lease, I agree to immediately return the Equipment to the place you specify.

EQUIPMENT MAINTENANCE: I realize that all expenses concerning the use and operation of the Equipment are my responsibility. I will, at my expense, have the Equipment serviced in accordance with the manufacturer's recommendations, maintain the Equipment in good working order and condition, and have all the necessary repairs made. If you request, you may inspect the Equipment at any reasonable time during the term of this Lease.

EQUIPMENT WARRANTIES: I acknowledge that you do not make any express warranties regarding the Equipment and that I am leasing the Equipment from you "**AS IS**". However, to the extent the Equipment is still subject to the manufacturer's warranty, you assign to me all your rights and remedies under such warranty to the extent the warranty is assignable.

INSURANCE: I agree that I must keep and provide sufficient insurance coverage at my expense to be able to reimburse you for the value of the Equipment should there be any losses due to fire, theft, or other occurrences. I agree that I will furnish you with written confirmation of coverage, and that you will be the primary beneficiary of the insurance proceeds. I understand that if I do not provide confirmation of coverage that you may purchase insurance on my behalf and deduct the charges from my Jan-King of Milwaukee Franchise report and I understand that no refunds will be made.

DAMAGE OR LOSS OF EQUIPMENT: I agree to be liable for any damage to, or theft or destruction of, the Equipment. I will notify you as soon as possible if the Equipment is damaged, stolen, or destroyed. I understand that the proceeds of the insurance covering the Equipment will be applied to my remaining Monthly Payments and the Purchase Price, and that I remain liable for any difference between (i) the total of the remaining Monthly Payment and the Purchase Price, and (ii) the amount of the proceeds payable from the insurance coverage.

LIENS AND CLAIMS: I promise that no liens, encumbrances, or claims will be made on the Equipment by anyone.

SECURITY INTEREST: I recognize that your interest in the loss proceeds of the insurance shall be a security interest under the laws of the State of Wisconsin.

DEFAULT: I will be in default under this Lease if:

- Any information in my credit application is false or misleading;
- I fail to make any payment when due;
- I fail to keep any of my other promises to you; or
- I become the subject of an insolvency or bankruptcy, or die.

REMEDIES: In the event of default you may do any or all of the following without giving me advance notice:

- Take any reasonable measures designed either to correct the default or save yourself from the loss, in which case I will pay you immediately for the expenses incurred;
- Terminate this Lease and my rights to possess and use the Equipment;
- Take possession of the Equipment by any method or manner permitted by law;
- Determine my remaining Monthly Payments and Purchase Price, which I agree to pay immediately;
- Apply any security deposit to any amounts I owe; and
- Pursue any other remedy permitted by law.

I also agree to be liable for all collection and legal costs, including reasonable attorney's fees and court costs, to the extent permitted by law.

GENERAL: I understand that:

- I have no right to assign any of my rights under this Lease.
- Your waiver of any default or your failure to insist on the keeping of any of my promises will not be a waiver of any of the terms of this Lease in the future.
- You have no obligation to provide any replacement Equipment for any reason.
- You can assign this Lease, all amounts I will owe you, and all your interest in the Equipment without my consent.
- **THIS LEASE WILL BE SUBJECT TO THE LAWS OF THE STATE OF WISCONSIN, WITHOUT REGARD TO CONFLICT OF LAW RULES. JURISDICTION AND VENUE FOR ANY ACTION ARISING OUT OF OR RESULTING FROM THIS LEASE WILL BE EXCLUSIVELY IN DANE COUNTY, IN THE STATE OF WISCONSIN.**

NOTICE TO LESSEE:

1. Read this Lease before you sign it.
2. You are entitled to a completed copy of this Lease.

I HAVE READ AND RECEIVED A COMPLETED COPY OF THIS LEASE BEFORE SIGNING BELOW.

DELIVERY RECEIPT: *I acknowledge receipt of the Equipment described on the reverse side of this Lease bearing*

SERIAL NUMBER _____ on _____, 20____ in acceptable condition.

LESSEE

LESSOR

EXHIBIT V
General Release

GENERAL RELEASE

KNOWN OF ALL THOSE PRESENT: that _____, whose address is _____, in _____, (hereinafter "**Releasor**") for and in consideration of Focus Franchising, Inc. d/b/a Jani-King of Madison, (hereinafter "**Jani-King**") [check one] [] agreement to renew my Jani-King franchise for another term or [] consent to transfer the ownership of my Jani-King franchise, together with such other good and valuable consideration, of behalf of its principals, agents, employees, servants, legal and personal representatives, successors and assigns, hereby fully releases and forever discharges FOCUS Franchising, Inc. d/b/a Jani-King of MADISON, Jani-King, Jani-King International, Inc., Jani-King, Inc., and the affiliated companies, principals and the heirs, executors and/or administrators, successors and/or assigns, agents, employees and servants of Focus Franchising, Inc. d/b/a Jani-King of MADISON, Jani-King, Jani-King International, Inc., and Jani-King, Inc. (the "**Released Parties**") from any and all manner of actions, cause and causes of action, suits, debts, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands, whatsoever, at law or in equity, Releasor now has or may have against the Released Parties relating to Releasor's ownership, directly or indirectly, of a Jani-King franchise.

Releasor acknowledges that the person(s) executing this General Release have read and understand that this is a General Release and the Releasor (or, as the case may be, each Releasor) intends to be and shall be bound legally by it. The person executing this General Release represents, with the signature below, that they are duly authorized to represent Releasor with regard to the above issues.

WITNESS the signature(s) of Releasor this ____ day of _____, 2_____, at _____, _____ (City and State of Execution).

Releasor:

Releasor:

Signature

Signature

Print Name/Date

Print Name/Date

Releasor:

Releasor:

Signature

Signature

Print Name/Date

Print Name/Date

EXHIBIT VI
Business Protection Plan Election Form



BUSINESS PROTECTION PLAN

Franchisee Name: _____

Franchisee Number: _____

Region: **MADISON**

In accordance with term of the Franchise Agreement, I hereby () accept or () reject the optional Business Protection Plan available through JANI-KING.

If rejected, I understand I must submit written evidence of the equivalent amount of coverage, naming **Focus Franchising, Inc. d/b/a Jani-King of Madison**, and Jani-King International, Inc. (jointly referred to as "JANI-KING" or Franchisor) as additional insured, in accordance with the terms of the Franchise Agreement, prior to commencing operations.

1. Franchisor shall have the right to administer the Jani-King Business Protection Plan ("BPP") and charge me a reasonable fee or such administration which will be deducted directly from the revenue reported on my Monthly Franchisee Report. The BPP fee shall include a proportional charge for the premium paid by Jani-King to the insurance carrier underwriting the BPP, as well as the cost of administering the program. Franchisor and its parent may derive income from the BPP. The cost of the BPP may change in the future due to changes in insurance rates and Franchisor retains the right to discontinue the contributory plan upon the granting of reasonable notice to Franchisee.

2. I understand that the BPP coverage will begin on a temporary basis while I am being trained by Franchisor's personnel, but such coverage ends when training is completed.

3. The BPP coverage is limited to the operations of my Franchise, and begins when franchise begins providing services under a valid Jani-King cleaning contract, and ends when service for the account is terminated. BPP coverage is only provided for operations where Franchisor has been notified that services will begin for an account prior to any claims related to such services, and where Franchisor has authorized the particular cleaning contract. I must notify Franchisor in advance of all additional services to be performed for a client under an existing Jani-King cleaning contract, such as specialty cleans, carpet or upholstery cleaning, or additional floor care not listed in the Cleaning Schedule.

4. The current deductible for each occurrence under the Business Protection Plan is \$1,000.00 for Theft and \$1,000.00 for Liability. The exceptions to the \$1,000 Liability Coverage Deductible are as follows: (1) If bleach or acid bowl cleaner are used, in direct violation of JANI-KING's recommended procedures, and these chemicals cause damage to fixtures, walls, partitions, carpets or hard surface floors the first incident will incur a deductible of \$1,500, (2) if a second incident occurs the deductible will increase to \$2,500 and (3) if a third incident occurs the deductible will increase to \$5,000 and will result in cancellation of your insurance coverage. This deductible may change in the future. JANI-KING does reserve the right, at its sole discretion, to refuse participation under those circumstances where damage or injury resulted because the Franchisee or its employee failed to apply the skills, training or knowledge that would be expected of the ordinary and reasonable commercial cleaning person under the same circumstances, so as to avoid a claim that should reasonably have been predicted because of the manner in which that person was performing or failing to perform. This will include those situations where the Franchisee failed to train or supervise his employees sufficiently to avoid the claim.

5. The Franchisee remains liable for any amounts not covered under the insurance policy.

6. I understand the plan **DOES NOT** provide coverage for Automobile Liability, Uninsured Motorist Coverage, or Property Damage or Theft Insurance for my equipment.

DATED: The ____ day of _____, 20 ____

FRANCHISEE:

By: _____
(Signature of owner, partner or authorized officer)

By: _____
(If partnership with spouse or other person, partner signs here)

(If authorized officer, indicate title)

By: _____
(If third partner, sign here)

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EXHIBIT VIII
Financial Statements

Focus Franchising, Inc.
d/b/a Jani-King of Madison

Financial Statements

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

Together with

Independent Auditor's Report



**Focus Franchising, Inc.
d/b/a Jani-King of Madison
December 31, 2022, 2021, and 2020**

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470 Village Park Drive
Powell, OH 43065
Phone: (614) 487-3300
Email: jp@crownpointcpas.com

Independent Auditor's Report

To the Stockholder of
Focus Franchising, Inc.
d/b/a Jani-King of Madison

Opinion

We have audited the accompanying financial statements of Focus Franchising, Inc. d/b/a Jani-King of Madison, which comprise the balance sheets as of December 31, 2022, 2021, and 2020, and the related statements of income and accumulated earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Focus Franchising, Inc. d/b/a Jani-King of Madison as of December 31, 2022, 2021, and 2020, and the results of their operations and their 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 (U.S. GAAS). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 the entity and to meet the auditor's other ethical responsibilities, in accordance with the relevant ethical requirements relating to the audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a



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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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. 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 the entity'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 the auditor's judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Crown Point CPAs, LLC

Crown Point CPAs, LLC

Powell, Ohio
April 28, 2023

Focus Franchising, Inc.
d/b/a Jani-King of Madison
Balance Sheets
December 31,

	<u>Assets</u>		
	2022	2021	2020
Current Assets:			
Cash	\$ 28,928	\$ 78,730	\$ 18,097
Accounts Receivable	433,371	328,554	345,583
Equipment Leases Receivable	9,093	14,665	20,369
Inventory	39,849	43,719	16,684
Due From Affiliate	0	0	84,940
Prepaid Expenses and Other Receivables	19,840	16,029	5,662
Total Current Assets	531,080	481,697	491,335
Property and Equipment (net of accumulated depreciation of \$86,955, \$107,383, and \$112,750)	166,991	157,363	154,341
Other Assets:			
Equipment Leases Receivable (non-current)	3,454	9,995	7,223
Security Deposits	1,200	1,200	1,200
Right-of-Use Asset (net of accumulated amortization of \$86,951)	230,397	0	0
Goodwill	242,953	242,953	242,953
Master Franchise Fees (net of accumulated amortization of \$5,938, \$5,313, and \$4,688)	56,562	57,187	57,812
Total Other Assets	534,566	311,335	309,188
Total Assets	\$ 1,232,637	\$ 950,395	\$ 954,864
<u>Liabilities and Stockholder's Equity (Deficiency)</u>			
Current Liabilities:			
Accounts Payable	\$ 137,517	\$ 121,973	\$ 121,629
Amounts Due to Franchisees	425,878	350,250	364,811
Accrued Expenses	27,136	36,051	21,077
Due to Affiliate	28,132	25,831	0
Bank Lines of Credit	345,000	295,463	259,477
Current Portion of Long-Term Debt	52,455	55,253	70,936
Payroll & Sales Tax Payable	2,055	3,453	3,556
Operating Lease Liability - current	90,906	0	0
Deferred Revenue	2,730	0	0
Deferred Rent Abatement	0	11,956	16,584
Total Current Liabilities	1,111,809	900,230	858,070
Operating Lease Liability - net of current portion	150,932	0	0
Long-Term Debt - net of current portion	191,460	213,309	235,775
Total Long-Term Liabilities	342,392	213,309	235,775
Total Liabilities	1,454,201	1,113,539	1,093,845
Stockholder's Equity:			
Common Stock	500	500	500
Accumulated Deficit	(222,064)	(163,644)	(139,481)
Total Stockholder's Equity (Deficiency)	(221,564)	(163,144)	(138,981)
Total Liabilities and Stockholder's Equity (Deficiency)	\$ 1,232,637	\$ 950,395	\$ 954,864

See Accompanying Notes to Financial Statements

Focus Franchising, Inc.
d/b/a Jani-King of Madison
Statements of Income and Accumulated Earnings
For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues:			
Janitorial Service Revenues	\$ 5,863,246	\$ 5,665,812	\$ 5,599,647
Franchise Sales	<u>47,270</u>	<u>25,000</u>	<u>31,500</u>
Total Revenues	5,910,516	5,690,812	5,631,147
Cost of Revenues:	<u>4,968,592</u>	<u>4,734,138</u>	<u>4,634,588</u>
Gross Profit	941,923	956,674	996,559
Selling, General and Administrative Expenses:	<u>707,501</u>	<u>601,570</u>	<u>745,833</u>
Income From Operations	<u>234,422</u>	<u>355,104</u>	<u>250,726</u>
Other Expenses:			
Gain on Sale of Fixed Assets	(22,631)	(8,702)	(653)
Interest Expense	37,332	40,459	44,914
Income Tax Expense	15,728	24,399	8,716
Depreciation and Amortization	<u>47,815</u>	<u>46,985</u>	<u>50,498</u>
Total Other Expenses	<u>78,243</u>	<u>103,141</u>	<u>103,475</u>
Net Income before Extraordinary Item	<u>156,179</u>	<u>251,963</u>	<u>147,251</u>
Extraordinary Item:			
Forgiveness of PPP Loan	<u>0</u>	<u>0</u>	<u>84,000</u>
Net Income	156,179	251,963	231,251
Retained Earnings (Accumulated Deficit) - beginning	(163,644)	(139,481)	(128,057)
Distributions to Stockholder	<u>(214,599)</u>	<u>(276,126)</u>	<u>(242,675)</u>
Retained Earnings (Accumulated Deficit) - ending	\$ <u>(222,064)</u>	\$ <u>(163,644)</u>	\$ <u>(139,481)</u>

See Accompanying Notes to Financial Statements

Focus Franchising, Inc.
d/b/a Jani-King of Madison
Statements of Cash Flows
For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:			
Net Income	\$ 156,179	\$ 251,963	\$ 231,251
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and Amortization	47,815	46,985	50,498
Amortization of right-to-use assets	86,951	0	0
Loss (Gain) on Sale of Fixed Assets	(22,631)	(8,702)	(653)
(Increase) Decrease in:			
Accounts Receivable	(104,816)	17,029	(62,671)
Equipment Lease Receivable	12,113	2,932	173
Inventory	3,870	(27,035)	(6,185)
Due From Affiliate	0	84,940	14,981
Prepaid Expenses and Other Receivables	(3,811)	(10,367)	6,342
Increase (Decrease) in:			
Accounts Payable and Accrued Expenses	6,629	15,318	8,924
Amounts Due to Franchisees	75,628	(14,561)	22,105
Payroll & Sales Tax Payable	(1,398)	(103)	(1,885)
Deferred Rent Abatement	-	(4,628)	(4,628)
Operating Lease Liability	(87,467)	0	0
Due to Affiliate	2,301	25,831	0
Deferred Revenue	2,730	0	0
Net Cash Provided by Operating Activities	<u>174,093</u>	<u>379,602</u>	<u>258,252</u>
Cash Flows from Investing Activities:			
Disposals of Property and Equipment	77,978	24,380	15,000
Purchases of Property and Equipment	<u>(112,166)</u>	<u>(65,060)</u>	<u>(47,529)</u>
Net Cash Used by Investing Activities	<u>(34,188)</u>	<u>(40,680)</u>	<u>(32,529)</u>
Cash Flows from Financing Activities:			
Proceeds from Long-Term Debt	96,978	50,436	30,972
Net Proceeds (Payments) on Lines of Credit	49,537	35,986	89,478
Payments of Long-Term Debt	(121,623)	(88,585)	(99,537)
Distributions to Stockholder	<u>(214,599)</u>	<u>(276,126)</u>	<u>(242,675)</u>
Net Cash Used by Financing Activities	<u>(189,707)</u>	<u>(278,289)</u>	<u>(221,762)</u>
Net Increase (Decrease) in Cash	(49,802)	60,633	3,961
Cash – Beginning of Year	<u>78,730</u>	<u>18,097</u>	<u>14,136</u>
Cash – End of Year	\$ <u>28,928</u>	\$ <u>78,730</u>	\$ <u>18,097</u>

SUPPLEMENTAL DISCLOSURES

Interest Paid	\$ 37,332	\$ 40,459	\$ 44,914
Income Taxes Paid	\$ 15,728	\$ 24,399	\$ 8,716
Rent Paid	\$ 91,046	\$ 85,666	\$ 59,447
Recognition of right-to-use assets	\$ 317,348	\$ 0	\$ 0
Recognition of lease liability	\$ 329,303	\$ 0	\$ 0

See Accompanying Notes to Financial Statements

Focus Franchising, Inc.
d/b/a Jani-King of Madison
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business:

Focus Franchising, Inc., doing business as Jani-King of Madison, (the Company), was established in Wisconsin, on April 25, 2013. The Company operates under a regional franchise agreement with Jani-King Franchising, Inc., which grants the exclusive right to use the “Jani-King” system with regards to the operations of a comprehensive cleaning and maintenance business. The Company markets and sells individual franchises for the provision of janitorial services and enters into cleaning service contracts with building owners and/or tenants in Madison, Wisconsin, and the surrounding areas including the counties of Dane, Sauk, Columbia, Rock, and Green counties in the state of Wisconsin. The Company provides initial and ongoing training, quality control and customer satisfaction monitoring, managerial expertise, accounting and billing services, local advertising support, the non-exclusive use of registered trademarks, and secures customer contracts for franchisees.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Concentrations:

As a regional franchisee of Jani-King Franchising, Inc. (a subsidiary of Jani-King International, Inc.), the Company is dependent on the use of service marks, slogans, and logos owned by the franchisor, as well as the benefit of training materials, national cleaning contracts, advertising, and computer software systems developed by the franchisor. Should the franchisor cease to exist, or the Regional Franchise Agreement otherwise be terminated, such events could have an adverse effect on the Company’s operations.

Revenue Recognition:

The Company reports the amounts billed for janitorial services and amounts earned from franchise sales as gross revenues.

Janitorial Service Revenues:

The Company invoices their customers based upon contractual terms and allocates the total gross billings to the franchisees that perform the actual janitorial services. The Company then charges the franchisees a percentage of the gross amounts that are billed to those customers. In some cases, the franchisee also assumes the credit risk relating to those customers’ receivable balances.

Franchise Sales and Deferred Revenue:

The Company sells non-exclusive franchises for an initial fee based on a plan type, which specifies a minimum gross monthly amount of janitorial service revenue that must be offered to the franchisee. The obligation must be satisfied within a specific time period, commencing once the franchisee completes training, obtains necessary equipment and supplies, and secures certain insurance coverage. The revenue from franchise sales is recognized ratably, based on the cumulative amount of contract revenue offered to franchisees, as compared to the initial revenue obligation associated with the plan type.

Focus Franchising, Inc.
d/b/a Jani-King of Madison
NOTES TO FINANCIAL STATEMENTS

Deferred revenue consists of a percentage of the franchisees' initial down payment which the Company has a remaining obligation to provide minimum gross monthly revenues under the initial franchise offering. Deferred revenue is classified as a current or non-current liability based on the expiration date of the obligation period.

Janitorial Service Costs:

The Company deducts franchise fees and finder's fees from the amounts payable to the franchisees for their providing janitorial services. Descriptions of these fees are as follows:

Franchise Fees:

The Company charges their franchisees various fees including royalties, accounting, advertising, and business liability protection based on various percentages of janitorial service revenues. Additional fees and assessments including non-performance and/or non-compliance with Jani-King standards can be charged to the franchisees under the terms of their franchise agreement.

Finder's Fees:

The Company charges franchisees a fee for providing initial and additional business customers. Franchisees may either pay a fee equal to three times the monthly janitorial service revenue upon acceptance or pay an initial down payment and a percentage (ranging between 5% and 20%) of the additional gross monthly revenue, over a stated term of no more than 72 months. Business finder's fees are contingent upon many factors including the continued servicing of the customer contract.

Cash:

The Company maintains cash balances at a financial institution that, at times, exceeds the federally insured limit of \$250,000.

Receivables:

Accounts receivable consists of billings to commercial cleaning customers. The maintenance agreements provide for billings to occur at the beginning of the month in which services are to be rendered, with payment due within 30 days. Pursuant to certain franchise agreements, some accounts over 30 days are charged back to and assumed by the franchisees.

Equipment sales-type leases having terms ranging from 12 to 28 months are collateralized by the underlying equipment and are recorded as sales-type leases. The amount receivable beyond one year is classified as a non-current asset. The Company recognizes income in the year of origination and considers the deferring of implicit interest income on non-current amounts to be immaterial.

Advances to franchisees include "negative due" amounts that occur when monthly franchisee deductions exceed monthly revenues generated by the franchisee. These balances are classified as other receivables.

Business finder's fees, which are contingent on the performance of future services are not considered to be receivables and are recognized when earned.

The Company continually monitors franchisee receivables for situations in which no net amount of customer cleaning revenue is due to the franchisee after deducting monthly installments of franchisee receivables, monthly franchise fees, and charge backs of customer receivables past 30 days.

Inventory:

Focus Franchising, Inc.
d/b/a Jani-King of Madison
NOTES TO FINANCIAL STATEMENTS

Inventory consists of items held for resale such as consumable paper, cleaning supplies and various apparel. The inventory is valued at the lower of cost or market value using the FIFO (first-in, first-out) method.

Property and Equipment:

Property and equipment purchases costing \$500 or more are capitalized at cost and consist primarily of office furnishings, computer equipment, equipment used for rental and training purposes, and vehicles. Depreciation is computed using the straight-line method over estimated useful lives of the property ranging from five to seven years.

Property and equipment consist of the following:

	2022	2021	2020
Furniture, Fixtures, and Computers	\$ 73,785	\$ 61,339	\$ 53,708
Equipment	\$ 27,792	\$ 27,792	\$ 23,393
Vehicles	\$ 152,369	\$ 175,615	\$ 189,990
	\$ 253,946	\$ 264,746	\$ 267,091
Less Accumulated Depreciation	\$ (86,955)	\$ (107,383)	\$ (112,750)
Property and Equipment - Net	\$ 166,991	\$ 157,363	\$ 154,341

Goodwill:

Goodwill resulting from the acquisition of the business operations of Diamond Franchising, Inc. d/b/a Jani-King of Madison (Seller), on May 31, 2013, is not amortized but is subject to impairment testing. The test determined that the value of goodwill has not been impaired at December 31, 2022.

Accounting Pronouncement Changes:

Leases

Effective January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The company chose to use the modified retrospective approach. The Company's 2021 financial statements and prior continue to be accounted for under the FASB's Topic 840.

Under ASC 842, lessees must recognize assets and liabilities for leases with terms longer than 12 months, whereas previously they were only required to recognize capital leases. The FASB is now implementing a dual model approach under ASC 842, requiring lessees to classify leases as either operating or finance leases and recognize both on their balance sheet.

The transition guidance within ASC 842 allows the company to elect certain practical expedients to transition, as long as the practical expedients are elected as a package and applied consistently to all leases. The company elects to apply the following practical expedients as part of the adoption transition:

- An entity need not reassess whether any expired or existing contracts are or contain lease.
- An entity need not reassess the lease classification for any expired or existing leases (all operating leases will remain operating leases and all capital leases will become finance leases.)
- An entity need not reassess initial direct costs for any existing leases (842-10-65-1(f)).

Additional required disclosures are contained in Note 4.

Focus Franchising, Inc.
d/b/a Jani-King of Madison
NOTES TO FINANCIAL STATEMENTS

Advertising:

The Company expenses advertising costs as they are incurred.

Presentation of Sales Tax:

The State of Wisconsin and various counties within Wisconsin, impose a sales tax on the sale of consumable products and equipment to non-exempt customers. The Company collects the sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to exclude the sales tax that is collected and remitted, from revenues and cost of sales.

Provision for Income Taxes:

The Company has elected to be taxed as a Subchapter "S" Corporation pursuant to the Internal Revenue Code and similar state statute. In lieu of the Company paying federal income tax on earnings, the stockholder is taxed on his proportionate share of the Company's taxable income. Therefore, no provision for federal income taxes is included in the financial statements. In 2020, the Company elected to remit income tax at the entity level to the State of Wisconsin.

Management has evaluated income tax position taken or expected to be taken, if any, on income tax returns filed and the likelihood that, upon examination by relevant jurisdictions, those income tax positions would be sustained. Based on the results of this evaluation, management determined there are no positions that necessitated disclosures and/or adjustments.

The income tax returns filed are not subject to examination by U.S. federal tax authorities for tax years before 2019.

Date of Management's Review:

Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events through April 28, 2023, the date on which the financial statements were available to be issued.

(2) LONG-TERM DEBT

In May, 2019, the Company refinanced their line of credit, turning a portion of the outstanding balance into a term loan with a financial institution. The seven-year, self-amortizing note requires monthly payments of principal and interest (fixed at 7.0% per annum) in the amount of \$3,029, and matures in May, 2026. The loan is collateralized by substantially all of the Company's assets and the stockholder's personal residence. The outstanding loan balance at December 31, 2022, was \$109,994.

The Company financed the acquisitions of four vehicles whose cumulative outstanding loan balances at December 31, 2022, were \$133,921. The loans are secured by the underlying vehicles and have the following terms:

Vehicle	Monthly Payment	Interest Rate	Maturity Date
2021 Ford Edge \$3946	\$ 788	3.900%	November-27
2023 GMC Sierra	\$ 1,447	8.040%	November-27
2019 Ford Fiesta	\$ 430	9.793%	November-28

Focus Franchising, Inc.
d/b/a Jani-King of Madison
NOTES TO FINANCIAL STATEMENTS

Maturities of long-term debt are as follows:

	2022
2023	\$ 52,455
2024	56,242
2025	60,316
2026	43,109
Future fiscal years thereafter	31,793
	243,915

(3) BANK LINES OF CREDIT

In August, 2022, the Company established a \$350,000, revolving line of credit with a financial institution that requires monthly payments of interest only and matures in June, 2023. Interest is charged at the bank's prime lending rate plus 1.00%, but no less than 6.00% per annum.

The line of credit is guaranteed by the stockholder of the Company and is collateralized with substantially all of the Company's assets and a life insurance policy on the stockholder. The outstanding balance at December 31, 2022, was \$345,000, and the interest rate was 8.50% per annum.

(4) OPERATING LEASES

Under the new lease accounting standard, right-of-use assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. These assets and liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

The Company regularly evaluates lease renewal and termination options and includes them in the lease term when they are reasonably certain of exercise. Furthermore, as part of the adoption of the new standard, the Company had to make judgments regarding lease terms when there are month-to-month terms or autorenewal terms. In such cases, the Company would estimate a lease end date based on the required length of usage of the property and calculated a right-of-use asset and lease liability with the resulting estimated lease term. However, there is a risk that actual lease terms or exercise of renewal or early termination options may differ from the Company's estimates, which could result in adjustments to the right-of-use asset and lease liability, impacting the Company's financial statements.

The Company leases real property for their regional office located in Green Bay, Wisconsin, a real property lease is with an unrelated party. The company also leases equipment under operating leases. The company's leases currently do not contain any renewal periods.

Operating lease expense consisted of the following:

	2022
Operating Lease expense:	
Lease expense to unrelated parties	\$ 90,814
Lease expense to related parties	-
Variable Lease expenses to unrelated parties	-
Variable lease expense to related parties	-
Total Lease Costs	\$ 90,814

Focus Franchising, Inc.
d/b/a Jani-King of Madison
NOTES TO FINANCIAL STATEMENTS

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Company uses the rate implicit in the lease, or if not readily available, the Company uses a risk-free rate based on U.S. Treasury notes for a similar term. Lease term and discount rate for our operating leases were as follows:

	December 31, 2022
Other Operating Lease Information	
Weighted-average remaining lease term (years)	2.6
Weighted-average discount rate	1.37%

As of December 31, 2022, future fixed minimum lease payments are as follows:

		2022
2023	\$	93,547
2024		95,818
2025		56,678
2026		-
2027		-
Future fiscal years thereafter		-
		246,042
Less discounting impact on operating leases		4,205
Total operating lease liabilities		241,837
Less current operating lease liabilities		90,905
Non-current operating lease liabilities	\$	150,932

(5) INTANGIBLE ASSETS OTHER THAN GOODWILL

Master Franchise Rights:

The Regional Franchise Agreement, dated June 12, 2013, provides an initial term of 20 years, with four additional 20-year renewal options. The master franchise rights, which upon acquisition were valued at \$ 62,500, are being amortized on a straight-line basis over a one-hundred-year period.

(6) COMMITMENTS, CONTINGENCIES, AND GUARANTEES

Pursuant to the franchise agreements, if, within the specified time, the Company fails to offer the requisite amount of minimum gross monthly cleaning service revenue corresponding to the type of plan purchased, the Company is contingently liable to pay franchisees three times the amount of the shortfall. Historically, the Company has met its obligations to franchisees without having to perform on the payment guarantee.

The Company, at times, could be involved in litigation regarding collection disputes, contract obligations and non-competition agreements. At December 31, 2022, management is not aware of any claims or litigation against it, which would have a material effect on the Company's operations or financial condition.

The Company is also subject to a minimum royalty agreement with JKI. The agreement commits the Company to remit royalties based upon a scheduled gross revenue amount whether attained or not.

As shown in the accompanying financial statements, the Company's current liabilities exceeded its current assets by \$580,728. The Company has provided cash flow assistance to an affiliated entity whose ability to repay is uncertain, and distributions in excess of earnings to the stockholder. The ability of the Company to continue as a going concern is dependent upon the Company stabilizing their working capital situation. The financial statements do not include any adjustments that might be necessary if the Company is unable to achieve the above stated actions.

Focus Franchising, Inc.
d/b/a Jani-King of Madison
NOTES TO FINANCIAL STATEMENTS

(7) RELATED PARTY TRANSACTIONS

At times, a related entity advances funds on behalf of the Company or the Company advances funds on behalf of the related entity. Balances due to and/or from a related entity are classified as “Due from (To) Affiliate” within the financial statements. No interest is charged on any outstanding balances.

The Company remits payments to franchisees for their previous month’s services in the amount of their customer billings net of various fees which include royalty, advertising, accounting, technology, business protection, finder’s fees and chargebacks. During the years ended December 31, 2022, 2021, and 2020, the Company incurred \$4,505,094, \$4,310,011, and \$4,141,191 of janitorial service costs to their franchisees, respectively.

The Company had receivable balances consisting of equipment leases and advances owed to them from their franchisees in the amounts of \$20,870, \$24,660, and \$29,500, at December 31, 2022, 2021, and 2020, respectively.

The Company owed their franchisees \$425,878, \$350,250, and \$364,811, in monthly service fees and chargeback amounts at December 31, 2022, 2021, and 2020, respectively.

(8) MAJOR CUSTOMERS

During the fiscal years ended December 31, 2022, 2021 and 2020, the Company had two major customers that represented a combined total of 30.69%, 32.91%, and 32.52%, of its janitorial service revenues, respectively.

(9) REGIONAL FRANCHISE INFORMATION

Obligations under the regional franchise agreement include monthly royalty payments and advertising fees based on specified percentages of gross cleaning service and supply and equipment sales revenue, and a royalty based on a certain percentage of Initial Franchisee Fees, within ten days of the franchisee signing date. The minimum required combined monthly royalty adjusts annually based on an agreed upon schedule.

Royalty and advertising fees incurred by the Company from JKI, for the years ended December 31, 2022, 2021, and 2020, amounted to \$354,267, \$342,591, and \$338,871, respectively.

The Company is required to have a minimum number of active franchise units at all times and use all reasonable efforts to open a pre-determined number of new franchise units per year. The Company is also required to maintain certain minimum insurance coverage. The Agreement is personally guaranteed by the stockholder.



Jani-King International, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2022, 2021, and 2020

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Jani-King International, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2022, 2021, and 2020

Jani-King International, Inc. and Subsidiaries

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Independent Auditor's Report

Those Charged with Governance
Jani-King International, Inc.
Dallas, Texas

Opinion

We have audited the consolidated financial statements of Jani-King International, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022, 2021, and 2020, and the related statements of income and comprehensive income, shareholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company 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 (U.S. 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 the Company 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.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed its accounting policy related to leases utilizing the modified retrospective approach due to the adoption of ASU No. 2016-02, Leases, and the associated amendments (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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



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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

BDO USA LLP

April 6, 2023

Consolidated Financial Statements

Jani-King International, Inc. and Subsidiaries

Consolidated Balance Sheets

<i>Year ended December 31,</i>	2022	2021	2020
Assets			
Current Assets			
Cash and cash equivalents	\$ 8,415,123	\$ 20,623,518	\$ 3,331,379
Short-term investments	19,864,490	-	5,151,614
Short-term investments, restricted	7,250,000	7,250,000	8,500,000
Accounts receivable, net	14,804,060	15,047,000	12,424,001
Notes receivable, current	819,142	1,186,080	1,261,505
Reinsurance premiums receivable	1,366,284	1,349,705	1,850,463
Inventory	83,317	160,582	252,680
Deferred reinsurance acquisition costs	168,461	165,376	178,523
Other assets - current	2,258,849	1,741,017	1,890,558
Total Current Assets	55,029,726	47,523,278	34,840,723
Non-Current Assets			
Property and Equipment, net	5,398,123	5,739,043	5,887,879
Operating lease right-of-use asset	4,586,708	-	-
Notes receivable, net of current	933,283	654,166	337,800
Intangible assets, net	-	46,652	93,315
Notes receivable from related party	10,837,757	11,931,950	13,510,324
Total Non-Current Assets	21,755,871	18,371,811	19,829,318
Total Assets	\$ 76,785,597	\$ 65,895,089	\$ 54,670,041

Jani-King International, Inc. and Subsidiaries

Consolidated Balance Sheets (Continued)

Year ended December 31,	2022	2021	2020
Liabilities and Shareholder's Equity			
Current Liabilities			
Due to franchisees	\$ 9,460,479	\$ 9,194,662	\$ 7,181,961
Accounts payable and accrued expenses	10,473,051	11,826,843	9,339,503
Term notes payable, current	1,082,800	4,330,779	2,945,271
Operating lease liability, current	1,533,113	-	-
Unearned reinsurance premiums	1,375,540	1,351,167	1,531,068
Accrued income taxes	1,633,453	1,069,628	839,918
Legal settlements payable, current	3,396,472	4,854,564	84,096
Deferred franchise revenues, current	477,079	468,349	298,156
Total Current Liabilities	29,431,987	33,095,992	22,219,973
Non-Current Liabilities			
Term notes payable, net of current	4,213,800	5,200,235	7,844,625
Lease liability, net of current	3,255,658	-	-
Insurance reserves	5,041,697	5,181,198	5,991,407
Deferred franchise revenues, net of current	5,369,869	5,742,776	5,959,525
Legal settlements payable, net of current	-	3,263,301	-
Total Non-Current Liabilities	17,881,024	19,387,510	19,795,557
Total Liabilities	47,313,011	52,483,502	42,015,530
Commitments and Contingencies			
Shareholder's Equity			
Common stock, \$10 par value; 100 shares authorized, issued and outstanding	1,000	1,000	1,000
Additional paid-in capital	9,000	9,000	9,000
Retained earnings	30,126,631	14,107,591	13,374,477
Accumulated other comprehensive loss	(664,045)	(706,004)	(729,966)
Total Shareholder's Equity	29,472,586	13,411,587	12,654,511
Total Liabilities and Shareholder's Equity	\$ 76,785,597	\$ 65,895,089	\$ 54,670,041

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries
Consolidated Statements of Income and Comprehensive Income

<i>Year ended December 31,</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues			
Commercial cleaning services	\$ 135,874,167	\$ 128,380,301	\$ 105,381,724
Regional franchise royalties	34,468,543	31,550,507	28,070,648
Advertising fees	7,676,604	6,855,299	5,563,398
Preopening services & franchise rights	1,634,323	969,871	1,482,808
Leasing, software and transfer fees	1,108,787	2,083,146	1,912,019
Total Revenues	180,762,424	169,839,124	142,410,597
Cost of Revenues	105,062,012	99,041,802	82,291,360
Gross Profit	75,700,412	70,797,322	60,119,237
Operating Costs and Expenses			
Selling, general, and administrative expenses	43,324,443	38,819,074	38,102,997
Legal settlements	73,358	15,247,422	31,876
Depreciation and amortization	660,677	729,902	854,225
Total Operating Costs and Expenses	44,058,478	54,796,398	38,989,098
Operating Income	31,641,934	16,000,923	21,130,139
Other Income (Expense)			
Net realized gains on sales of property and equipment	30,187	34,360	33,956
Interest expense	(500,322)	(384,067)	(381,067)
Other income, net	3,499,567	250,624	291,712
Total Other Income (Expense)	3,029,432	(99,083)	(55,399)
Income Before Income Tax Expense	34,671,366	15,901,841	21,074,740
Income tax expense	887,326	345,127	319,707
Net Income	33,784,040	15,556,714	20,755,033
Other Comprehensive Income (Loss)			
Foreign currency translation	41,959	23,962	(107,403)
Other Comprehensive Income (Loss)	41,959	23,962	(107,403)
Comprehensive Income	\$ 33,825,999	\$ 15,580,676	\$ 20,647,630

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries
Consolidated Statements of Shareholder's Equity

	Common Stock	Paid-in Capital	Additional	Retained	Accumulated	Total
				Earnings	Other	Shareholder's
					Comprehensive	Equity
					Income (Loss)	
Balance, December 31, 2019	\$ 1,000	\$ 9,000	\$ 5,723,944	\$ (622,563)	\$ 5,111,381	
Net income	-	-	20,755,033	-	20,755,033	
Foreign currency translation	-	-	-	(107,403)	(107,403)	
Net distributions to shareholder	-	-	(13,104,500)	-	(13,104,500)	
Balance, December 31, 2020	1,000	9,000	13,374,477	(729,966)	12,654,511	
Net income	-	-	15,556,714	-	15,556,714	
Foreign currency translation	-	-	-	23,962	23,962	
Net distributions to shareholder	-	-	(14,823,600)	-	(14,823,600)	
Balance, December 31, 2021	1,000	9,000	14,107,591	(706,004)	13,411,587	
Net income	-	-	33,784,040	-	33,784,040	
Foreign currency translation	-	-	-	41,959	41,959	
Net distributions to shareholder	-	-	(17,765,000)	-	(17,765,000)	
Balance, December 31, 2022	\$ 1,000	\$ 9,000	\$ 30,126,631	\$ (664,045)	\$ 29,472,586	

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Year ended December 31,	2022	2021	2020
Cash Flows from Operating Activities			
Net income	\$ 33,784,040	\$ 15,556,714	\$ 20,755,033
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized gain on sales of property and equipment	(30,187)	(34,360)	(33,956)
Depreciation and amortization	660,677	729,902	854,225
Amortization of right-of-use assets	1,739,142	-	-
PPP loan forgiveness	(3,089,380)	-	-
Bad debt expense	70,849	129,409	386,115
Changes in operating assets and liabilities:			
Accounts receivable and notes receivable, current	539,029	(2,676,983)	30,713
Inventory	77,265	92,098	(252,680)
Reinsurance premiums receivable	(16,579)	500,758	(221,905)
Deferred reinsurance acquisition costs	(3,085)	13,147	11,749
Other assets	(517,832)	149,541	461,480
Notes receivable, non-current	(279,117)	(316,366)	312,698
Operating lease liability	(1,731,810)	-	-
Due to franchisees, accounts payable and accrued expenses	(839,363)	4,500,040	133,349
Unearned reinsurance premiums	24,373	(179,901)	(92,149)
Accrued income taxes	563,825	229,710	(169,302)
Legal settlements payable	(4,721,393)	8,033,769	(1,981,162)
Deferred franchise revenues	(364,178)	(46,555)	127,116
Insurance reserves	(139,501)	(810,209)	(1,110,072)
Net Cash Provided by Operating Activities	25,726,775	25,870,714	19,211,252
Cash Flows from Investing Activities			
Sale (purchase) of short-term investments	(19,864,490)	5,151,614	(5,151,614)
Change in restricted short-term investments	-	1,250,000	-
Purchases of property and equipment	(272,846)	(535,632)	(128,788)
Proceeds from sale of property and equipment	29,927	35,589	45,588
Net Cash Provided by (Used in) Investing Activities	\$ (20,107,409)	\$ 5,901,571	\$ (5,234,814)

Jani-King International, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

Year ended December 31,	2022	2021	2020
Cash Flows from Financing Activities			
Receipts on notes receivable from related parties	\$ 1,094,193	\$ 1,578,374	\$ 435,180
Notes receivable issued to related party	-	-	(3,000,000)
Net distributions to shareholder	(17,765,000)	(14,823,600)	(13,104,500)
Net payments under revolving credit facility	-	-	(3,941,434)
Proceeds from term notes	-	-	6,035,000
Payments on term notes	(1,198,913)	(1,258,882)	(1,111,692)
Net Cash Used in Financing Activities	(17,869,720)	(14,504,108)	(14,687,446)
Effect of Currency Translation on Cash and Cash Equivalents	41,959	23,962	(107,403)
Net Increase (Decrease) in Cash and Cash Equivalents	(12,208,395)	17,292,139	(818,411)
Cash and Cash Equivalents, beginning of year	20,623,518	3,331,379	4,149,790
Cash and Cash Equivalents, end of year	\$ 8,415,123	\$ 20,623,518	\$ 3,331,379
Supplemental Disclosures of Cash Flow Information			
Interest paid during the year	\$ 420,766	\$ 174,067	\$ 381,067
Income taxes paid during the year	922,257	175,168	701,768
Recognition of right-of-use assets obtained in exchange for new operating lease liabilities	(663,948)	-	-
Recognition of lease liability upon adoption of ASC 842	5,856,633	-	-
Derecognition of deferred rent upon adoption of ASC 842	(194,731)	-	-
Property and equipment acquired with debt	-	-	83,081

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization

Jani-King International, Inc. (separately or together with its subsidiaries, as the context requires, the “Company”) is incorporated in the State of Texas and is a marketer and franchisor of commercial cleaning services. The Company sells and supports commercial cleaning franchises, which operate under the Company’s trademarks and franchise system in the United States of America and internationally. The Company provides the framework for franchisees to provide commercial cleaning services to a variety of commercial enterprises, including services to specialized markets such as hospitals and other health care providers, hotels and resorts, schools and other educational institutions, and large event venues, such as athletic stadiums and arenas. This framework consists of the marketing and sale of commercial cleaning services, training and administrative support for franchisees, a proven business model, and the use of a widely-recognized registered trademark.

Jani-King International, Inc. is a wholly-owned subsidiary of JAC Holdings, LLC, a Texas limited liability company (“Parent Company”).

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

JKI Indemnity SPC, a wholly-owned subsidiary of the Company, was incorporated under the laws of the Cayman Islands on December 15, 1999. Its principal activity is to reinsure a portion of the workers compensation and general liability risks of the Company and its franchisees that choose to participate in the Company’s insurance program.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and reported amounts of revenues and expenses during the reporting periods. An estimate is made in the calculations and assessments of allowance for doubtful accounts, and in the calculations of the insurance reserves. Actual results may differ from the estimates.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include \$1,593,568, \$1,638,962, and \$200,785 on December 31, 2022, 2021, and 2020, respectively, on deposit with banks outside of the United States, including foreign branches of United States financial institutions.

The Company holds its cash and cash equivalents both within and outside the United States at high credit quality institutions. At times, cash on deposit with any one bank may be in excess of the government insured limits. The Company has not experienced, and management does not expect to experience in the future, any losses as a result of these concentrations.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Short-Term Investments

Short-term investments are comprised of funds deposited in a money market account at a major United States bank and are stated at fair value. The deposits have an aggregate fair value of \$19,864,490, \$0, and \$5,151,614 on December 31, 2022, 2021, and 2020, respectively.

Restricted Short-Term Investments

Restricted short-term investments are comprised of certificates of deposit and money market accounts the Company intends to hold for more than three months and other time deposits at a major bank and are stated at fair value. The deposits have an aggregate fair value of \$7,250,000, \$7,250,000, and \$8,500,000 on December 31, 2022, 2021, and 2020, respectively, and mature within 11 months of year end. The Company intends to hold the investments until their maturity. All of the investments are restricted and pledged as security for the issuance of irrevocable letters of credit to support liabilities under reinsurance contracts of JKI Indemnity SPC.

Accounts Receivable, Notes Receivable, and Reinsurance Premiums Receivable

Accounts receivable consist primarily of billings to commercial customers for commercial cleaning services and royalties due from regional franchisees.

Notes receivable consist of amounts due from unit franchisees for the purchase of equipment and promissory notes due from regional franchises. The notes receivable due from unit franchisees provide for payment for the equipment purchased over a 12 to 36 month period.

The Company provides an allowance for doubtful collections of accounts and notes receivable based upon a number of factors, including the length of time an account is past due, the customer's or regional franchisee's current ability to pay its obligations, and the Company's historical loss experience. The Company writes off accounts and notes receivable when they are deemed uncollectible. Interest accrues on the notes receivable over the life of the notes. However, interest income is not accrued on notes that are past due. Interest income on such notes is recognized when cash is received.

Reinsurance premiums receivable are amounts due from the fronting insurance company which collects premiums and remits the Company's portion of the annual premiums in equal monthly installments over the term of the policies.

Deferred Reinsurance Acquisition Costs

Deferred reinsurance acquisition costs consist primarily of commissions and other costs that vary with and are primarily related to the production of insurance business and are amortized over the terms of the underlying policies to which they relate. The portion at the balance sheet date which will be expensed in the future is deferred and reported as deferred reinsurance acquisition costs.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are provided using the straight-line method over the following estimated useful lives:

	Estimated Useful Lives (Years)
Buildings and improvements	20-39
Aircraft	10-20
Furniture, office equipment, and automobiles	5
Leasehold improvements	Useful life of the asset or the lease term, whichever is shorter

All maintenance and repair costs are expensed as incurred. Asset purchases and significant improvements that extend the remaining useful life of an asset are capitalized if the cost is over \$5,000. When assets are sold or otherwise disposed of, the cost and accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is reflected in income.

Operating Lease Right-of-Use Assets and Lease Liabilities

Effective January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach. The Company's 2021 financial statements continue to be accounted for under the FASB's Topic 840 and have not been adjusted.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the Company elected:

- The package of practical expedients permitted under the transition guidance which does not require the Company to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs.

The new standard also provides for several accounting policy elections, as follows:

- When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all leases.
- The Company elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Additional required disclosures for Topic 842 are contained in Note 7.

Intangible Assets

Intangible assets consisting of franchise rights reacquired from regional franchisees, are stated at cost, and are amortized on a straight-line basis over ten years or less than ten years if the Company demonstrates that another useful life is more appropriate. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If the carrying value of the asset exceeds the expected future cash flows, impairment exists and is measured as the amount by which the carrying value exceeds the estimated fair value of the asset. No impairment was recorded for the years ended December 31, 2022, 2021, and 2020.

Unearned Reinsurance Premiums

Reinsurance premiums assumed are recognized on a pro-rata basis over the term of the policies. The unearned portion at the balance sheet date is included in unearned reinsurance premiums.

Insurance Reserves

Insurance reserves represent the actuarially determined estimate of the costs to settle claims and claims adjustment expenses, including claims that have been incurred but not yet reported, of the Company's insurance subsidiary.

Income Taxes

The Company is a qualified subchapter S subsidiary of the Parent Company under the Internal Revenue Code. As such, the Company does not pay federal corporate income taxes; however, its income and expenses are included in the federal income tax return of the Parent Company. Some states do not recognize the subchapter S filing status and assess taxes directly against the Company, while other states that do recognize the subchapter S filing status require or allow the Company to make tax payments on behalf of its ultimate individual owner. The Company records such payments as income tax expense when incurred.

The Company's foreign subsidiaries are taxed by the jurisdictions in which they operate. Such taxes are included in income tax expense on the consolidated statements of income and comprehensive income as they are incurred.

Accrued income taxes reported in the financial statements represent state and foreign income taxes payable by the Company.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an examination. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. There was no amount recorded as a liability for unrecognized tax benefit in any of the periods presented.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Because the Company is a pass-through entity for federal income tax purposes and for substantially all of the state jurisdictions in which it is required to file an income tax return, the effect of any changes in tax positions that result from an examination of its tax returns are borne principally by the Company's ultimate individual owner. The impact of any changes that may be borne by the Company would be highly unlikely to be material to the financial position or results of operations of the Company. Tax returns for 2019 and later are still subject to examination by the federal and state tax authorities.

Any penalties and interest assessed against the Company by taxing authorities are included in income tax expense. There were no such amounts included in income tax expense in the years ended December 31, 2022, 2021, and 2020.

Fair Value of Financial Instruments

In accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, certain assets and liabilities carried at fair value are categorized based on the level of judgement associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The Company believes the carrying amounts of financial instruments as of December 31, 2022, 2021, and 2020 including cash equivalents, short-term investments, accounts receivable, notes receivable, notes receivable from related party, accounts payable, and accrued expenses, approximate their fair values due to their short maturities. The Company believes that the Company's debt balances approximate fair value as they bear interest at market rates.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* (ASU 2018-19), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* (ASU 2019-04), which clarifies the treatment of certain credit losses.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

In May 2019, the FASB issued ASU No. 2019-05, *Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief* (ASU 2019-05), which provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the FASB issued ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* (ASU 2019-11), which provides guidance around how to report expected recoveries. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 (collectively, ASC 326) are effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

Revenue Recognition

The Company adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequent ASUs that modified Topic 606 (“ASC 606”) effective January 1, 2020. The new guidance clarifies the principles used to recognize revenue for all entities and requires companies to recognize revenue when it transfers goods or services to a customer in an amount that reflects the consideration to which a company expects to be entitled. The Company elected to apply the full retrospective method of adoption, which required the Company to adjust prior reporting periods presented.

The FASB issued ASU 2021-02, *Franchisors - Revenue from contracts with Customers (Subtopic 952-606)*, creating a practical expedient that simplifies the identification of performance obligations for private company franchisors for certain pre-opening services. The pre-opening services provided by a franchisor to a franchisee can be accounted for as a single performance obligation, distinct from the franchise license. The Company elected to apply the practical expedient allowed by ASU 2021-02, and has elected to account for all qualifying pre-opening activities as a single performance obligation. Pre-opening services per ASU 2021-02 are defined as follows:

1. Assistance in the selection of a site.
2. Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation.
3. Training of the franchisee’s personnel of the franchisee.
4. Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
5. Bookkeeping, information technology and advisory services, including setting up the franchisee’s records and advising the franchisee about income, real estate, and other taxes or about regulations affecting franchisee’s business.
6. Inspection, testing, and other quality control programs.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The Company derives its revenue primarily from commercial cleaning services performed by franchisees, royalties from regional franchisees, and franchise sales. The Company accounts for revenue from contracts with customers (commercial cleaning services customers, regional franchises and unit franchises), which comprises 100% of its revenue, through the following steps:

- Identification of the contract with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company has a direct contractual relationship, generally for initial and renewal periods of one year, with its commercial cleaning services customers for the services rendered and holds title to the related receivables. The revenue from commercial cleaning services is recognized as the services are performed and is included in commercial cleaning services revenues. Commercial cleaning services revenue amounts are invoiced and due on a monthly basis. The related direct costs (principally payments to the Company's unit franchisees that perform the commercial cleaning services) are recognized in cost of revenues in the month in which the services are provided. Cost of revenues includes payments to the Company's unit franchisees after deducting payments for variable sales-based fees that range collectively from 14% to 19% of the franchisee's gross sales as well as for product and equipment charges. The variable sales-based fees paid by the unit franchisees include royalty, advertising, accounting and technology fees.

The Company also receives monthly variable sales-based royalty and advertising fees from regional franchisees. These variable sales-based fees range from 3% to 6% of the regional franchisee's gross revenue.

The Company recognizes the sales-based fees as it has the "right to invoice" in the period in which the related sales occur in accordance with the "sales-based royalty" exception. The royalty fees are subject to monthly minimum amounts. When the monthly minimum amount is exceeded, the Company recognizes the variable sales-based royalty fees. When the monthly minimum amount is not exceeded, the Company recognizes the fixed monthly minimum amount.

Advertising fees are recognized in the consolidated statement of income on a gross basis. All advertising expenses are charged to selling, general and administrative expense as incurred. When advertising fees are over-spent (expenses exceed the fees), the expenses are not deferred beyond the date they are incurred or beyond the date the advertising first appears. Because the Company does not have the discretion to spend advertising fees on other operating expenses when advertising fees are under-spent (fees exceed the expenses), the Company accrues additional advertising expenses to match the advertising fees recognized.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The Company receives fixed, non-refundable upfront consideration for the sale and transfer of regional and unit franchises which is related to providing pre-opening services and the sale of franchise rights. Additionally, for regional franchises, the non-refundable upfront transaction price amount includes consideration related to the franchisee's right to use functional intellectual property provided by the Company through the transfer of a proprietary franchise management and sales management, customer relationship management and accounting software license. The non-refundable upfront transaction price is invoiced and due from the franchisee upon execution of the franchise agreement. The unit franchisee has the option to pay the Company a portion of the upfront transaction price amount over a prescribed time period.

The Company allocates the non-refundable upfront transaction price to the pre-opening services, franchise right and regional franchise software license performance obligations relative to their standalone selling prices and recognizes these amounts in preopening services and franchise rights. The Company has determined the standalone selling prices of the software license and pre-opening services by using the expected cost plus a margin approach. The Company has used the residual approach to determine the standalone selling price of the franchise right. The Company recognizes franchise software license fee revenue upon the transfer of the software license to the regional master franchisee. The Company recognizes pre-opening services revenue over the time period that these services are performed. Because the non-refundable upfront transaction price amount received for the franchise right represents an advance payment for future services to be provided, the Company recognizes franchise right fee revenue ratably over the term of the related franchise agreement beginning at the opening date of the franchise location.

The Company's agreements generally do not include any significant financing components.

Performance Obligations

A significant portion of the Company's performance obligations are satisfied over time. The Company satisfies performance obligations for pre-opening services over the time period that these services are provided to the franchisee. The performance obligations related to the franchise right and continuing franchise services, including the advertising, accounting, and technology services, are satisfied over time as the franchisee utilizes the franchise right and as the services are rendered each month. The Company satisfies the sale of product (e.g., software license) and equipment performance obligation at the point in time that the product or equipment is delivered to the franchisee.

Sales-based fees are recognized over time using the "sales-based royalty" exception, which states that revenue will be recognized at the later of when the subsequent sales occur or when the satisfaction or partial satisfaction of the performance obligation to which the royalty relates occurs.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The aggregate amount of the upfront transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for executed agreements includes amounts yet to be recognized from franchise sales and transfer fees. These amounts are reflected in the deferred franchise revenues account which is classified as a contract liability in the accompanying consolidated balance sheets as shown in the following table:

Year ended December 31,	2022		2021		2020	
	Amount	(%)	Amount	(%)	Amount	(%)
Deferred franchise revenues, current	\$ 477,079	8.2	\$ 468,349	7.5	\$ 298,156	4.8
Deferred franchise revenues, net of current	<u>5,369,869</u>	<u>91.8</u>	<u>5,742,776</u>	<u>92.5</u>	<u>5,959,525</u>	<u>95.2</u>
Total Deferred Franchise Revenues	<u>\$ 5,846,948</u>	<u>100.0</u>	<u>\$ 6,211,125</u>	<u>100.0</u>	<u>\$ 6,257,681</u>	<u>100.0</u>

The deferred franchise revenues amount does not include the value of unsatisfied performance obligations related to those agreements for which the Company recognizes revenue at the amount for which it has the right to invoice for services performed. Additionally, this balance does not include revenue related to performance obligations that are part of an agreement with an original expected duration of one year or less. Lastly, this balance does not include variable consideration recognized using the “sales-based royalty” exception.

The following table summarizes deferred revenue activity:

Year ended December 31,	2022	2021	2020
Balance , beginning of year	\$ 6,211,125	\$ 6,257,681	\$ 6,130,565
Fees received from Franchise sales and transfer fees	1,263,895	865,075	1,245,159
Franchise sales and transfer fees revenue recognized	<u>(1,628,072)</u>	<u>(911,631)</u>	<u>(1,118,043)</u>
Balance , end of year	5,846,948	6,211,125	6,257,681
Less: current	<u>(477,079)</u>	<u>(468,349)</u>	<u>(298,156)</u>
Deferred Franchise Revenues , net of current	<u>\$ 5,369,869</u>	<u>\$ 5,742,776</u>	<u>\$ 5,959,525</u>

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Company's revenue based on the timing of the transfer of goods and services to its customers:

Year ended December 31,	2022		2021		2020	
	Amount	(%)	Amount	(%)	Amount	(%)
Point in time recognition	\$ 3,588,312	2.2	\$ 3,800,594	2.2	\$ 4,123,118	2.9
Over time recognition	177,174,112	97.8	166,038,530	97.8	138,287,479	97.1
Total Revenues	\$180,762,424	100.0	\$169,839,124	100.0	\$142,410,597	100.0

Neither the type of good or service sold, nor the location of sale significantly impacts the nature, amount, timing, or uncertainty of revenue and cash flows.

Taxes Collected from Customers

In the course of its business, the Company collects various taxes from customers including, but not limited to, sales taxes. Because the amounts of such taxes are determined by various taxing authorities and the Company collects the taxes on behalf of those authorities, the Company does not include the taxes collected as a component of revenues.

Advertising Costs

All advertising expenditures are charged to selling, general and administrative expenses as incurred. Advertising costs were \$8,521,970, \$8,272,917, and \$5,415,845 for the years ended December 31, 2022, 2021, and 2020, respectively.

Foreign Currency Transactions and Translations

The Company has regional franchisees in several countries outside of the United States. The royalties due to the Company from its non-United States regional franchisees are calculated in the functional currency of the country in which the regional franchisee operates but are converted to and remitted in United States dollars by the regional master franchisee. The Company records those royalties at the amount of United States dollars received.

The Company conducts operations in Brazil, Great Britain, and Belgium through indirectly wholly-owned subsidiaries. The functional currency of the Company is the United States dollar. The functional currency of its operations in Brazil is the Brazilian real, in Great Britain the British pound and in Belgium the euro. Assets and liabilities of the Company's foreign operations are translated into United States dollars at the exchange rate at the balance sheet date. Revenues and expenses are translated at the average exchange rate during the applicable period. Adjustments resulting from the translation of foreign currencies into United States dollars are included in the foreign currency translation adjustment, which is a component of accumulated other comprehensive income (loss) in shareholder's equity. As of December 31, 2022, 2021, and 2020, and for each of the years then ended, the assets, liabilities, revenues, and expenses attributable to foreign subsidiaries were not material to the consolidated financial statements of the Company.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

There has been no significant fluctuation from the exchange rates used at December 31, 2022, through the date the consolidated financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the Company's prior period consolidated financial information in order to conform to the current year presentation. These presentation changes did not impact the Company's consolidated net income, cash flows, total assets, total liabilities or shareholders' equity.

3. Accounts Receivable, Net

Accounts receivable consist of the following:

<i>Year ended December 31,</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Trade accounts receivable	\$ 17,714,660	\$ 17,698,565	\$ 15,137,639
Allowance for uncollectible accounts	<u>(2,910,600)</u>	<u>(2,651,565)</u>	<u>(2,713,638)</u>
Accounts Receivable, Net	<u>\$ 14,804,060</u>	<u>\$ 15,047,000</u>	<u>\$ 12,424,001</u>

The following table summarizes the activity in the allowance for uncollectible accounts:

<i>Year ended December 31,</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance , beginning of year	\$ 2,651,565	\$ 2,713,638	\$ 2,784,653
Bad debt expense	70,849	129,409	386,115
Accounts written off	<u>188,186</u>	<u>(191,482)</u>	<u>(457,130)</u>
Balance , end of year	<u>\$ 2,910,600</u>	<u>\$ 2,651,565</u>	<u>\$ 2,713,638</u>

4. Property and Equipment, Net

Property and equipment are comprised of the following:

<i>Year ended December 31,</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Land	\$ 104,116	\$ 104,116	\$ 104,116
Buildings and improvements	5,483,423	5,483,423	5,483,423
Leasehold improvements	453,789	453,789	440,076
Furniture	1,937,421	2,248,891	2,271,704
Office equipment	475,364	1,245,973	1,265,187
Automobiles	1,531,141	1,877,970	2,251,896
Aircraft	<u>5,783,505</u>	<u>5,533,550</u>	<u>5,133,550</u>
	15,768,759	16,947,712	16,949,952
Less: accumulated depreciation	<u>(10,370,636)</u>	<u>(11,208,669)</u>	<u>(11,062,073)</u>
Property and Equipment, Net	<u>\$ 5,398,123</u>	<u>\$ 5,739,043</u>	<u>\$ 5,887,879</u>

Depreciation expense for the years ended December 31, 2022, 2021, and 2020 was \$614,025, \$683,239, and \$807,561, respectively.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

5. Intangible Assets, Net

Intangible assets are comprised of the following:

<i>Year ended December 31,</i>	2022	2021	2020
Reacquired franchise rights	\$ 1,025,827	\$ 1,025,827	\$ 1,025,827
Less: accumulated amortization	(1,025,827)	(979,175)	(932,512)
Reacquired Franchise Rights, Net	\$ -	\$ 46,652	\$ 93,315

The Company recognized amortization of purchased franchise rights for the years ended December 31, 2022, 2021, and 2020 of \$46,652, \$46,663, and \$46,664, respectively.

6. Debt

Debt at December 31 is summarized below:

	Interest Rate, December 31, 2022	Maturity Date	2022	2021	2020
Term loans A and B		March 25 &			
	5.900%	July 2027	\$ 3,504,600	\$ 4,428,000	\$ 5,406,000
Term loan secured by airplane	3.095%	October 2024	1,792,000	2,048,000	2,304,000
PPP term loan		April 2022	-	3,035,500	3,035,500
Term loans secured by automobiles		Varies through December 2022	-	19,514	39,093
Term loan secured by computer equipment		January 2021	-	-	5,303
Total Debt			5,296,600	9,531,014	10,789,896
Less: current			(1,082,800)	(4,330,779)	(2,945,271)
Term Notes Payable, net of current			\$ 4,213,800	\$ 5,200,235	\$ 7,844,625

In June 2019, the Company entered into a credit agreement with its current primary lender providing for up to \$30,860,000 of loans (Credit Facility). The Credit Facility provided for a revolving credit facility of up to \$14,500,000 (Credit Facility Revolving Loan), a term loan of \$3,000,000 (Term Loan A), a term loan of \$3,360,000 (Term Loan B), and a revolving credit facility of up to \$10,000,000 (Franchise Advance Revolving Facility). In July 2022, the 2019 credit agreement was amended to reduce the provided amount to \$24,418,000 and change the maturity to July 2027. The amended Credit Facility provided for a revolving credit facility of up to \$14,500,000 (Credit Facility Revolving Loan), a term loan of \$1,650,000 (Term Loan A), a term loan of \$3,268,000 (Term Loan B) which included a delayed draw borrowing of up to \$1,000,000, and a revolving credit facility of up to \$5,000,000 (Franchise Advance Revolving Facility).

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The Credit Facility Revolving Loan bears interest at daily SOFR plus 1.60%, payable monthly, and matures in July 2025. No amounts were due under the Credit Facility Revolving Loan as of December 31, 2022, 2021 and 2020. The Credit Facility Revolving Loan commitment includes a \$3,000,000 letter of credit sublimit, of which \$1,000,000, \$1,000,000, and \$355,000 was used as of December 31, 2022, 2021, and 2020, respectively, that incurs a fee of 1.50% per annum, payable quarterly. The letters of credit issued under the facility are used to support liabilities under reinsurance contracts of the Company's insurance subsidiary.

The Term Loan A for \$3,000,000 was drawn in March 2020 and had a balance outstanding of \$1,650,000 at the time of the latest amendment and requires payments in monthly installments of \$50,000 on the last day of each month beginning April 2020 and ending March 2025; of principal plus interest at daily SOFR plus 1.60%. The Term Loan A matures in March 2025, and the unpaid balance at that date is due in full. The loan can be repaid in full or in part, without penalty, at any time prior to its maturity.

The Term Loan B for \$3,360,000 was drawn in June 2019 and had a balance outstanding of \$2,268,000 at the time of the latest amendment and requires payments in monthly installments of (A) \$28,000 on the last day of each month beginning July 2019 and ending June 2021, (B) \$35,000 monthly for the period beginning July 2021 and ending June 2022 and (C) \$18,900 plus an amount equal to 10% of the principal amount outstanding of the Term B delayed draw divided by 12 monthly for the period beginning July 2022 and ending June 2027; of principal plus interest at daily SOFR plus 1.60%. The Term Loan B matures in June 2027, and the unpaid balance at that date is due in full. The loan can be repaid in full or in part, without penalty, at any time prior to its maturity. No amounts had been drawn on the Term B delayed draw as of December 31, 2022.

No amounts had been drawn on the Franchise Advance Revolving Facility as of December 31, 2022.

The obligations under the Credit Facility are secured by substantially all the Company's assets, including its accounts and notes receivable and a negative pledge of all of its real estate. All obligations of the Company under the Credit Facility are personally guaranteed by the owner of the Parent Company.

The Credit Facility contains various restrictions and covenants, including maintaining certain minimum financial ratios. At December 31, 2022, the Company was in compliance with such requirements.

In November 2019, the Company entered into a credit agreement with its primary lender providing for a term loan for \$2,560,000 ("Aircraft Loan") used to purchase an aircraft. The Aircraft Loan requires payments in monthly installments of \$21,333 of principal plus interest at 3.095% beginning December 2019 and ending October 2024. The Aircraft Loan matures in November 2024, and the unpaid balance at that date is due in full.

In April 2020, the Company received a loan (the "PPP Loan") from its primary lender in the amount of \$3,035,500, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), which was enacted March 27, 2020. Funds from the PPP Loan may only be used for payroll costs, group healthcare benefits, mortgage interest, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company used the entire PPP Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The Company applied for forgiveness of the PPP Loan with the lender on June 27, 2021 and received forgiveness of \$3,035,500 plus accrued interest of \$53,880 on January 14, 2022. The amount of the loan forgiveness was reported as a component of other income in 2022.

The Company has various other debt arrangements totaling \$0, \$19,514, and \$44,396 as of December 31, 2022, 2021, and 2020, respectively, for certain computer equipment and automobiles. Specific automobiles owned by the Company are pledged to secure the automobile term loans. Specific computer equipment owned by the Company is pledged to secure the computer equipment term loan.

As of December 31, 2022, the aggregate maturities of the Company's term notes payable are as follows:

Year ending December 31,

2023	\$ 1,082,800
2024	2,362,800
2025	376,800
2026	226,800
2027	1,247,400
Total	\$ 5,296,600

7. Commitments and Contingencies

Operating Leases

The Company has real property leases for its regional offices and various facilities, used for general operating purposes, with original terms ranging from one year to six years. Generally, the leases have available renewal options which extend the terms of the underlying leases by between three and ten years. For certain of the Company's real property leases, it is responsible for paying variable operating expenses including property taxes, insurance and maintenance and repair costs.

Leases, January 1, 2022 and After

Right-of-use assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Company's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Company's sole discretion. The Company regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Company includes such options in the lease term. Additionally, upon adoption of the new standard, the Company made judgments regarding lease terms for certain of its real property leases that were in month-to-month status or that contained auto-renewal clauses. The Company estimated a lease end date based on the required length of usage of the property and calculated a right-of-use asset and lease liability with the resulting estimated lease term.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Company uses the rate implicit in the lease, or if not readily available, the Company uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Company's long-lived asset policy. The Company reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Company made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Company:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Company obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases and
- Allocated consideration in the contract between lease and non-lease components.

See Note 8 for a discussion of the Company's material leasing transactions with related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of December 31, 2022:

Operating lease right-of-use assets	\$ 4,586,708
Operating lease liabilities:	
Current	\$ 1,533,113
Long-term	<u>3,255,658</u>
Total operating lease liabilities	<u>\$ 4,788,771</u>

Below is a summary of expenses incurred pertaining to leases during the year ended December 31, 2022:

Operating lease expense	\$ 1,814,420
Short-term lease expense	297,311
Variable lease expense	<u>148,482</u>
Total lease expense	<u>\$ 2,260,213</u>

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 1.63%. As of December 31, 2022, the weighted average remaining lease term was 4.05 years.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The table below summarizes the Company's scheduled future minimum lease payments for years ending after December 31, 2022:

Years ending December 31:	
2023	\$ 1,596,647
2024	1,310,527
2025	875,102
2026	587,550
2027	253,741
Thereafter	<u>328,184</u>
Total future lease payments	\$ 4,951,751
Less amount representing interest:	<u>(162,980)</u>
Total lease liabilities	\$ 4,788,771
Less current portion included in operating lease liabilities, current:	<u>(1,533,113)</u>
Lease liabilities included in operating lease liabilities, net of current:	<u>\$ 3,255,658</u>

Leases, Prior to January 1, 2022

Rent expense for the years ended December 31, 2021, and 2020 was \$1,884,159, and \$2,182,053, respectively.

In accordance with ASC 840, the operating lease payments included in the table below only include payments for future minimum lease commitments and do not include any renewal periods exercisable at the Company's option. Future minimum lease obligations under non-cancelable leases as of December 31, 2021 were:

<i>Year ending December 31,</i>	
2022	\$ 1,228,481
2023	907,602
2024	652,032
2025	230,507
2026	127,511
Thereafter	<u>227,955</u>
Total	<u>\$ 3,374,088</u>

Advertising

The Company advertises to maximize the general public recognition and acceptance of its registered trademarks and to promote the commercial cleaning services provided by its franchisees. Advertising typically includes various forms of media including television, on-line, print, vehicle signage, billboards, and large event venues such as athletic stadiums and arenas sponsorship.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Accounts payable and accrued expenses include \$3,989,579, \$5,600,748, and \$3,892,527 at December 31, 2022, 2021, and 2020, respectively, to pay for advertising expenditures to be used to promote the sale of commercial cleaning services to a variety of commercial enterprises, including services to specialized markets such as hospitals and other healthcare providers, hotels and resorts, schools and other educational institutions, and large event venues such as athletic stadiums and arenas, as well as general brand awareness.

Legal Proceedings

In late 2008, the Company filed suit against its then Brazilian regional franchisee and its owners for breach of the regional franchise agreement. The suits were filed in Brazilian courts and sought to terminate the regional franchise agreement as well as recover damages from the franchisee. The court allowed the termination of the regional franchise agreement and permitted the Company to conduct operations in Brazil. However, the former Brazilian regional franchisee appealed the court's ruling, and the court required the Company to deposit 500,000 Brazilian reais (approximate value of \$299,000 at December 31, 2010) with the court while the former Brazilian regional franchisee pursues the appeal. In 2011, the court allowed 250,000 reais (approximate value of \$144,092 at the date of receipt) (plus interest) to be returned to the Company.

In 2022, the court ruled in favor of the Company and the Company is pursuing collection of the judgement against the former regional franchisee at this time. The remainder of the deposit was returned at the time of the ruling. The approximate value of the deposit still held by the court at December 31, 2022, 2021, and 2020 was \$0, \$76,800, and \$76,800, respectively. The Company conducts its Brazilian operations through an indirectly wholly-owned Brazilian subsidiary.

In 2019, the Company agreed in principle to settle a class action lawsuit in Pennsylvania. The agreement (i) requires total payments from the Company in the amount of \$3,700,000, (ii) includes a release of all claims by the impacted class, and (iii) resulted in allowing the Company's business in Pennsylvania to continue to operate. The Company recorded this settlement in legal settlements in the 2018 consolidated statement of income and comprehensive income. During 2020 and 2019, the Company made payments (including imputed interest) under the settlement totaling \$1,850,000, and \$1,850,000, respectively.

In 2019, the Company agreed in principle to settle a dispute with the California Employment Development Department (the "EDD"). The agreement (i) requires total payments from the Company in the amount of \$269,100 plus interest at 5%, and (ii) satisfies all liabilities from the Company to the EDD for the period from April 1, 2010 through March 31, 2013. The expense of this settlement is included in legal settlements in the 2019 consolidated statement of income and comprehensive income. This amount will be paid in monthly installments of \$15,000 over the subsequent two years. The liability is included in current liabilities of legal settlements payable of \$84,096 and \$270,221, as of December 31, 2020 and 2019, respectively. During 2021, and 2020, the Company made payments (including imputed interest) under the settlement totaling \$63,084, and \$195,000, respectively.

In 2021, the Company agreed to a settlement of two related class action lawsuits in California and a related individual settlement. The settlements (i) require total payments from the Company in the amount of \$15,500,000, (ii) include a release of all claims reasonably related to the litigation, and (iii) specifies that Jani-King will not sell any new commercial cleaning franchises in California until January 1, 2024, unless California law materially changes. As a result of the settlement, the Company's franchisees located in California were dissolved.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The Company entered into service agreements with certain legacy franchisees to continue to provide certain administrative functions related to billing and collections. Amounts recognized in revenue for 2022 related to these agreements were not significant. The settlements are being paid in annual installments through 2023. The expense of these settlements, less related imputed interest, is included in legal settlements in the 2021 consolidated statement of income and comprehensive income. During 2022 and 2021, the Company made payments (including interest) under the settlements totaling \$5,000,000 and \$7,000,000, respectively. The future minimum cash payments required under the foregoing settlement agreement for the years following December 31, 2022 are as follows:

<i>Year ending December 31, 2022</i>	<u>\$ 3,500,000</u>
Total Future Minimum Payments	3,500,000
Less: amount representing interest	<u>103,528</u>
Present Value of Minimum Payments	3,396,472
Less: current portion of legal settlements payable	<u>3,396,472</u>
Included in Liabilities of Legal Settlements Payable, Net of Current	<u>\$ -</u>

In 2022, 2021, and 2020, the Company settled lawsuits with various other parties for payments totaling approximately \$73,000, \$130,000, and \$32,000, respectively.

The Company is party to various other legal claims and litigation arising in the normal course of its business. Management does not believe that the results of such claims and litigation, individually or in the aggregate, will have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

Letters of Credit and Other

The Company's insurance subsidiary has obtained \$8,250,000 of irrevocable standby letters of credit in support of its insurance reserves. Letters of credit totaling \$7,250,000 are secured by an equivalent amount of restricted short-term investments of the insurance subsidiary, and the remainder has been issued under the Company's principal credit facility. The investments pledged to support the letters of credit as of each year end are included in restricted short-term investments in the accompanying consolidated balance sheets.

As required by the laws of certain states, the Company has guaranteed the performance and obligations of certain of its regional franchisees to their unit franchisees. The Company has not been called upon to perform under any of these guarantees and believes it is unlikely to be called upon to do so in the future. Therefore, no amount has been recorded in the consolidated financial statements related to such guarantees.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

8. Related Party Transactions

Note Receivable from Related Party

Notes receivable from related party at December 31, 2022 consists of \$9,487,575 term note to the owner of the Parent Company, bearing interest at 1.70% per annum, which requires monthly payments of \$55,000 (inclusive of principal and interest) through November 2023. The note requires a payment of \$9,077,824 at its maturity in December 2023. Subsequent to year end, this note was amended to extend the maturity date to December 2028.

In 2020, the Company made a \$3,000,000 loan to the owner of the Parent Company. The note receivable from related party at December 31, 2022 consists of \$1,350,000 term note, bearing interest at LIBOR plus 1.50% per annum. The note requires an initial payment of \$500,000 of principal plus interest due on January 31, 2021 and monthly payments of \$50,000 of principal plus interest from February 2021 through May 2024. The note matures in June 2024, and the unpaid balance at that date is due in full.

Leases from Related Parties

The Company leases space for certain of its regional offices from companies directly or indirectly owned by the Parent Company. Such leases have original terms of ten years, include stipulated escalations at various points in the lease term, and contain other terms and conditions typical of similar leases of office space. The Company paid rent of \$125,905, \$181,510, and \$181,834 under these leases during 2022, 2021, and 2020, respectively.

Other

The Company received royalties of \$1,023,554, \$893,965, and \$1,330,561 in 2022, 2021, and 2020, respectively, from regional franchisees owned in whole or in part by persons who were directors or officers of the Company during such periods.

9. Employee Benefit Plan

The Company sponsors the Jani-King International, Inc., 401(k) Plan (the Plan), which covers all employees of the Company that meet the eligibility requirements. Participants in the Plan are allowed to contribute up to 15% of their pre-tax annual compensation, not to exceed the maximum allowable by IRS regulations. Contributions to the Plan by the Company may be made at the discretion of the Board of Directors. The Company did not make any contributions to the Plan in 2022, 2021, or 2020.

10. Subsequent Events

The Company evaluated events and transactions that occurred after December 31, 2022, through April 6, 2023, the date these consolidated financial statements were available to be issued, and determined no events had occurred that would have significantly affected these consolidated financial statements, other than those previously disclosed.

EXHIBIT IX
List of Current Franchisees and Franchisees Who Have Left the System

EXHIBIT IX

Current Franchisees of Jani-King of Madison

ANDRES REYES ENTERPRISE, LLC

Contact: ANDRES REYES
JANESVILLE, WISCONSIN
(608) 322-6835

DIAMOND GENERAL CLEANING SERVICES, LLC

Contact: KARLA VEGA
FITCHBURG, WISCONSIN
(608) 471-3202

FOUR LAKES CLEANERS INC.

Contact: MOURINE MBAKA
DEFOREST, WISCONSIN
(608) 422-9206

JM RENOVATION LLC

Contact: JUAN MORALES
MADISON, WISCONSIN
(608) 220-9917

LETE-LUEL, LLC

Contact: HABTEAB GHEBREHIWOT
MADISON, WISCONSIN
(510) 399-9261

LVJ ENTERPRISE, LLC

Contact: LAURA PORTILLO CALDERON
FITCHBURG, WISCONSIN
(608) 219-6390

MF LLC

Contact: MARIA FLORES
BELOIT, WISCONSIN
(608) 302-8935

MSA ENTERPRISES, LLC

Contact: ESTELA GOMEZ & ADRIAN GARCIA
MADISON, WISCONSIN
(608) 628-6083

CLEANERS OF NORTH LLC

Contact: PANFILO GONZALEZ
FITCHBURG, WISCONSIN
(608) 556-3040

EMETERIO AND LAURA CORTES

Contact: EMETERIO AND LAURA CORTES
MADISON, WISCONSIN
(608) 345-6986

HERRLING ENTERPRIZES LLC

Contact: JIM HERRLING
BLACK EARTH, WISCONSIN
(608) 333-2562

JOYKO INVESTMENT, LLC

Contact: KENNETH JOHNSON
MADISON, WISCONSIN
(608) 520-4100

LILIBETH'S LLC

Contact: LILIBETH SOBREVILLA
JEFFERSON, WISCONSIN
(956) 460-0214

MANDOS LLC

Contact: ARMANDO MENDEZ
MADISON, WISCONSIN
(608) 225-1664

MORALES ENTERPRISE, LLC

Contact: NICOLAS MORALES
MADISON, WISCONSIN
(414) 807-2132

REHOBOTH PRO-ENET, LLC

Contact: KOAMI ABOTSI
FITCHBURG, WISCONSIN
(608) 622-5089

EXHIBIT IX

Current Franchisees of Jani-King of Madison

REYES FAMILY LLC

Contact: ERICK REYES & REYNA MARTINEZ

BELOIT, WISCONSIN

(608) 289-6307

ROB DOMANSKI & CINDY KEMPF, LLC

Contact: ROB DOMANSKI & CINDY KEMPF

BARABOO, WISCONSIN

(608) 370-1638

ROGER CLEANING LLC

Contact: ROGELIO ALBINO

FITCHBURG, WISCONSIN

(608) 471-9895

SEMERE ENTERPRISES, LLC

Contact: SEMERE SIUM

VERONA, WISCONSIN

(608) 886-5233

SHENG, LLC

Contact: SHENG LEE

DEERFIELD, WISCONSIN

(608) 772-9630

SSM BERHE LLC

Contact: MULU BERHE

MADISON, WISCONSIN

(608) 446-1352

SURPREME CLEANING SERVICES, LLC

Contact: MARIA TORRES

MADISON, WISCONSIN

(608) 338-9049

ZARATE MORALES LLC

Contact: JAVIER ZARATE

MADISON, WISCONSIN

(608) 556-6845

RIOS CLEANING SERVICES, LLC

Contact: ANTONIO RUIZ

MADISON, WISCONSIN

(608) 888-4471

RODRIGUEZ OLIVERA ENTERPRISE, LLC

Contact: SNEILINGHER & ROBERTA

JANESVILLE, WISCONSIN

(608) 395-1301

ROSARIO GARCIA LLC

Contact: ROSARIO GARCIA

FITCHBURG, WISCONSIN

(608) 772-3473

SERAFIN ENTERPRISES LLC

Contact: SERAFIN CONTRERAS

MADISON, WISCONSIN

(608) 658-4779

SISAY, LLC

Contact: SISAY SHASHU

FITCHBURG, WISCONSIN

(608) 886-4758

STS BUILDING MAINTENANCE, LLC

Contact: MAYRA FALCON

MADISON, WISCONSIN

(608) 235-0081

TENORIO MIDWEST SERVICES, LLC

Contact: JORGE TENORIO-OLIVERA

MILTON, WISCONSIN

(608) 445-1968

EXHIBIT IX

Jani-King of Madison Franchisees Who Have Left the System

D&S SIDING PLUS LLC
Contact: ROSA PAZ
FITCHBURG, WISCONSIN
(608) 609-7832

PLANET KINGDOM LLC
Contact: INE THAO & NKAUJ VANG
DEFOREST, WISCONSIN
(608) 358-9194

QUALITY FIVE, LLC
Contact: SAI VANG
MADISON, WISCONSIN
(417) 849-6823

SUPER SHINE, LLC
Contact: PO ZE THAO
RIO, WISCONSIN
(608) 622-8687

EXHIBIT X
Litigation and Bankruptcy Involving JK INT'L and its Affiliates

EXHIBIT X

Litigation and Bankruptcy Involving JK INT'L and its Affiliates

No litigation is required to be disclosed in this disclosure document regarding us, our predecessor, any of our affiliates, or any of our officers, directors, or other executives disclosed in Item 2. The following information relates to litigation involving Jani-King International, Inc., its affiliates, and their principal officers and directors.

Pending Litigation.

Constance Mouanda v. Jani-King International, Inc., Jani-King Leasing Corporation, Jani-King Franchising, Inc. and Cardinal Franchising, Inc. d/b/a Jani-King of Louisville (Case No. 19-CI-00283, Jefferson Circuit Court, Division 12). On January 15, 2019, Plaintiff, who is the sole member of The Matsoumou's, LLC, a franchisee of Jani-King of Louisville, filed this action against Defendants alleging that Defendants engaged in fraud, failed to pay her the minimum wage under Kentucky law, and breached her franchise agreement. Plaintiff is seeking compensatory and punitive damages, and attorneys' fees and costs. On June 25, 2019, the Court granted the Defendants' Motions to Dismiss due to Plaintiff's lack of standing to bring claims. Plaintiff appealed the Court's ruling to the Kentucky Court of Appeals on October 21, 2019. On February 5, 2021, the Kentucky Court of Appeals affirmed the dismissal of Plaintiff's claims. On March 9, 2021, Plaintiff filed a Motion for Discretionary Review with the Supreme Court of Kentucky. On September 22, 2021, the Supreme Court of Kentucky granted discretionary review. On August 18, 2022, the Supreme Court of Kentucky reversed and overturned the dismissal of Plaintiff's claims of fraud and failure to pay minimum wage, while allowing the dismissal of Plaintiff's claim for breach of fraud and failure to pay minimum wage, while allowing the dismissal of Plaintiff's claim for breach of the franchise agreement to stand. On October 25, 2022, Plaintiff filed an Amended Complaint and added Jani-King Franchising, Inc. as an additional Defendant. On October 31, 2022 Jani-King International, Inc., Jani-King Leasing Corporation, and Jani-King Franchising, Inc. filed a Motion to Dismiss the Amended Complaint for lack of personal jurisdiction. On February 24, 2023, the Court denied the Motion to Dismiss and allowed further discovery. Discovery is underway. Defendants deny all allegations and intend to continue to defend themselves.

United States Department of Labor vs. Jani-King of Oklahoma, Inc. (Civil Action No. CIV-16-1133-W, United States District Court, District of Western Oklahoma). On September 29, 2016, the U.S. Department of Labor filed a Complaint alleging that Defendant has mischaracterized its franchisees as independent contractors and thus, violated the record keeping requirements of the Fair Labor Standards Act. The Department of Labor is seeking a permanent injunction relating to such allegations and a monetary award for the Department's costs relating to the action. On March 20, 2017, the Court granted Defendant's motion to dismiss the claims without prejudice and granted the Department of Labor 21 days' leave to amend its complaint. The Department of Labor filed an Amended Complaint on April 20, 2017. On June 9, 2017, the Court granted Defendant's motion to dismiss the Amended Complaint with prejudice. The Department of Labor appealed the ruling to the 10th Circuit Federal Court of Appeals and oral arguments were held in May 2018. On October 3, 2018, the 10th Circuit reversed the ruling and remanded the case back to the District Court. After discovery was conducted, each party filed a Motion for Summary Judgment. On November 25, 2020, the Court granted Defendant's motion to stay the case after a proposed new rule was issued by the U.S. Department of Labor regarding independent contractor status. Although a final rule was published in January 2021 and was scheduled to take effect in March 2021, the rule was later postponed and ultimately withdrawn on May 6, 2021, without taking effect. On June 23, 2021, the Court vacated the stay and indicated the Court would take up the pending motions for summary judgment in due course. Defendant denies all allegations and continues to defend itself against the claim.

Past Litigation.

Pedro R. Ramos v. Jani-King of Hartford, Inc. (MCAD No. 12SEM03028, The Commonwealth of Massachusetts Commission Against Discrimination). On November 15, 2012, Plaintiff, a Jani-King franchisee, filed this complaint of discrimination against Jani-King of Hartford, Inc., alleging that an account was transferred from Plaintiff's franchise as a result of discrimination. Defendant did not receive notice of the complaint until May 28, 2013. Defendant strongly denied all allegations. On June 27, 2013, without admitting any wrongdoing or liability, the parties reached a settlement whereby Plaintiff dismissed all claims against Defendant in exchange for payment in the amount of \$6,500.

Atlas Ventures International, LLC, Osasuyi Amadasun and Josephine Amadasun v. Jani-King of Minnesota, Inc. and Tom Schellinger (File No. 27-CV-13-12776, District Court, Fourth Judicial District, Hennepin County, Minnesota). On May 24, 2013, Plaintiffs, a franchisee of Jani-King of Minnesota, Inc. and its two members, initiated this action against Jani-King of Minnesota, Inc. and Tom Schellinger, an employee of Jani-King of Minnesota, Inc. Plaintiffs alleged violations of the Minnesota Franchise Act, fraud and misrepresentation, material breach of contract, estoppel, and unjust enrichment. On March 31, 2014, the parties agreed to a settlement of all claims whereby Jani-King of Minnesota, Inc., without admitting any liability, agreed to repurchase the franchise owned by Atlas Ventures International, LLC for \$29,500.00 and Plaintiffs agreed to dismiss all claims against Defendants, with prejudice.

Vincent DeGiovanni, and all others similarly situated v. Jani-King International, Inc., Jani-King, Inc. and Jani-King of Boston, Inc. (Case Number 07 CA 10066 RCL, United States District Court, District of Massachusetts). On January 12, 2007, Plaintiffs filed a class action against JK INT'L and Jani-King of Boston, Inc. alleging unfair and deceptive business practices under Chapter 93A of the Massachusetts General Laws (Count I), breach of contract (Count II), rescission of contract (Count III), misrepresentation (Count IV), quantum meruit (Count V), and unjust enrichment (Count VI). On April 16, 2007, Plaintiffs filed an Amended Complaint, which added Jani-King, Inc. as a defendant, and added claims for violation of the Massachusetts Independent Contractor Laws (Count VII) and wage law violations (Count VIII). Plaintiff sought class certification, unspecified damages, statutory trebling of damages, and other unspecified damages. On September 21, 2009, the court granted Plaintiffs' motion to certify employment classification claims. On October 28, 2009, Plaintiffs filed a Second Amended Complaint, which dropped the breach of contract (Count II), rescission of contract (Count III), misrepresentation (Count IV) quantum meruit (Count V) and unjust enrichment (Count VI) claims, and reasserted the unfair and deceptive business practices under Chapter 93A of the Massachusetts General Laws (Count I), violation of the Massachusetts Independent Contractor Laws (previously Count VII, new Count II) and wage law violations (previously Count VIII, new Count III). On April 13, 2010, the parties filed a Joint Stipulation to Dismiss the Chapter 93A Claims Without Prejudice, which dismissed the unfair and deceptive business practices claims filed under Chapter 93A of the Massachusetts General Laws (Count I). The Notice of Class Action Lawsuit was sent on September 8, 2010. On July 15, 2011, Plaintiffs moved for Summary Judgment on their claim that Defendants had violated the Massachusetts Independent Contractor Laws. Plaintiffs argued that they were entitled to Summary Judgment on violation of the Massachusetts Independent Contractor Laws because there was no question of material fact that Defendants failed to satisfy Prong B of the so called "ABC Test," which is the test the Commonwealth of Massachusetts uses to determine whether a worker is appropriately characterized as an independent contractor. Prong B requires that a purported employer prove that a worker provided service which is outside the usual course of the business of the employer of the employment classification claims. On August 12, 2011, Defendants filed motions to decertify the class and for Summary Judgment on violation of the Massachusetts Independent Contractor Laws. On June 8, 2012, the Court allowed Plaintiffs' Summary Judgment on the Prong B of the violation of the Massachusetts Independent Contractor Laws, denied Defendants' Summary Judgment on the Prong B of the employment classification claims, and denied Defendants' motion to decertify the class, in effect ruling that the Defendants had mischaracterized the class member Plaintiffs in this case as independent contractors. On August 1, 2012, the case was ordered administratively closed for mediation. On March 14, 2014, the parties filed a Settlement Agreement with the Court, pursuant to which, and without admitting liability, the Defendants agreed to pay a

class settlement totaling \$7,500,000 payable over a four-year period. The Court granted final approval of the Settlement Agreement on August 8, 2014.

Edward Shanley v. Jani-King International, Inc., Jani-King, Inc. and Jani-King of Boston, Inc. (Case Number 1:12-cv-12146-MLW, United States District Court, District of Massachusetts). On September 21, 2012, Plaintiff filed a purported class action in the Superior Court of Massachusetts against JK INT'L, Jani-King, Inc. and Jani-King of Boston, Inc. alleging employment classification claims, including violation of Massachusetts independent contractor law and wage law violations. On November 16, 2012, Defendants removed the case to the United States District Court, District of Massachusetts. The case is an extension of the remaining employee misclassification claims in *De Giovanni* described above, which was filed after the parties in *De Giovanni* did not agree to extend the class period in that case. On April 4, 2014, the Court granted the parties joint motion to consolidate this case with the *De Giovanni* case. The parties agreed to settle this case, without any admission of liability, as a part of the class action settlement discussed in the *De Giovanni* summary above.

Tervon, LLC, Sunyata K. Little and Eleanor E. Little, and Mario Gutierrez v. Jani-King of California, Inc. and Jani-King International, Inc. (Case No. 3:14-CV-00367-BEN-JMA, United States District Court for the Southern District of California). Plaintiffs, former franchisees of Jani-King of California, Inc., originally filed this case in the Superior Court of San Diego County, California on January 15, 2014; however, on February 13, 2014, Defendants removed the case to the United States District Court for the Southern District of California. Plaintiffs filed an amended complaint on March 18, 2014, alleging fraud/deceit by intentional misrepresentation, violations of California Civil Code §§ 1709 and 1710, fraud/deceit by concealment, negligent misrepresentation, breach of contract, breach of implied covenant of good faith and fair dealing, violations of California Business Code § 17200 et seq., and intentional infliction of emotional distress, and seeking Declaratory Relief. On or about January 7, 2016, the parties reached a settlement as to all claims whereby Jani-King of California, Inc., without admitting any liability, agreed to repurchase the franchises owned by Plaintiffs, pay \$30,000 to Mario Gutierrez, \$61,000 to Sunyata K. Little and Eleanor E. Little, and \$85,000 to Tervon, LLC, and Plaintiffs agreed to dismiss all claims against Defendants, with prejudice, and the parties executed mutual releases.

John Fuller, Maqunair, Rodrigues de Freitas, and Adilson Dos Santos v. Syatt Franchising, Inc. d/b/a Jani-King of Greater Rhode Island, Jani-King International, and Jani-King, Inc. (Case No. 1:15-cv-00438-M-LDA, United States District Court, District of Rhode Island). On October 19, 2015, Plaintiffs (who are unit franchisees of the Jani-King regional franchisor, Defendant Syatt Franchising, Inc.) filed a purported class action against Defendants alleging unjust enrichment, worker misclassification and wage violations in connection with Syatt Franchising, Inc.'s operations in the Commonwealth of Massachusetts. Jani-King International, Inc. and Jani-King, Inc. were not served with notice of the lawsuit until February 2016. The parties reached a settlement agreement pursuant to which, and without admitting liability, the Defendants would agree to pay a class settlement totaling \$450,000 over a two-year period. The Court's approved the settlement on August 17, 2017.

Pamela Myers, Darryl Williams, Wyatt Seals v. Jani-King International, Inc., Jani-King, Inc., and Jani-King of Philadelphia, Inc. (Case Number 090303550, United States District Court, Eastern District of Pennsylvania). On March 20, 2009, Plaintiff filed a class action against JK INT'L, JKI, and Jani-King of Philadelphia, Inc. alleging violation of Pennsylvania minimum wage act, violation of Pennsylvania wage payment and collection law, breach of contract, breach of the duty of good faith and fair dealing, and unjust enrichment. Defendants deny all allegations and have filed a Notice of Removal of this action under 28 U.S.C. §§ 1441, thereby removing this matter from the Court of Common Pleas in Philadelphia County to the United States District Court Eastern District of Pennsylvania. On December 5, 2012, the Court denied the Motion to Transfer, granted the Motion to Dismiss the breach of duty of good faith and fair dealing claim, and denied the Motion to Dismiss the breach of contract claim. On March 10, 2014, the Court granted Plaintiff's Motion for Class Certification. Defendants appealed the Class Certification ruling to the Third Circuit Court of Appeals, which court agreed to hear Defendants' appeal. Briefing and oral arguments were completed on January 20, 2016. On September 21, 2016, the Third Circuit Court of Appeals rejected Defendants' appeal challenging class

certification. On October 31, 2016, the Third Circuit Court of Appeals rejected Defendants' petition for an en banc rehearing of their appeal. On August 27, 2019, the Court approved the parties settlement agreement pursuant to which certain of Jani-King of Philadelphia's franchisees agreed to enter into revised franchise agreements, Jani-King of Philadelphia agreed to offer a limited buy-out period for franchisees servicing less than \$5,000 in monthly revenue, Jani-King agreed to make a total payment of \$3,700,000 to the Plaintiff's class, and the case was dismissed with a release of all claims.

Meseret Ayele d/b/a MAE Solutions, LLC v. Jani-King of Houston, Inc. (Cause No. 2015-17798, 55th District Court, Harris County, Texas). Plaintiff is a franchisee of Jani-King of Houston, Inc. and filed this case on March 26, 2015, alleging breach of contract, violation of the Texas Deceptive Trade Practices Act, fraud, fraudulent inducement, and negligent misrepresentation. Plaintiff was seeking \$487,000 in damages. On October 13, 2015, the Court granted Defendant's Motion for Summary Judgment, dismissing all of Plaintiff's claims. In December 2015, Plaintiff filed a Motion to Vacate the Court's ruling and for a new trial, which the Court denied. On December 24, 2015, Plaintiff moved for the Court to reconsider its decision to deny the Motion to Vacate and for a new trial, which the Court denied. Plaintiff appealed the Court's ruling to the First Court of Appeals. On February 28, 2017, the First Court of Appeals reversed and remanded the case. On January 20, 2018, the parties agreed to settle all of the claims in exchange for a payment of \$34,250 by the Defendant. However, the Plaintiff refused to dismiss its claims as agreed and accept the settlement payment and breached the settlement agreement. In its Second Amended Counterclaim, filed April 19, 2018, the Defendant added a new party to the lawsuit and alleged claims against the Plaintiff and Cross-Defendant for breach of contract. Plaintiff filed Plaintiff's Third Amended Original Petition on October 4, 2018, adding claims for promissory estoppel, and intentional infliction of emotional distress. On February 7, 2019, the Court granted Defendant's Motion to Bifurcate the trial of the parties' claims. A trial took place on the breach of the settlement agreement by Plaintiff on August 20, 2019 and the jury rendered a verdict finding in favor of Jani-King of Houston and ordering the court clerk to tender the \$34,250 deposited by Jani-King to Plaintiff in accordance with the settlement agreement.

Tomas Fernandez, Beatriz Martinez, and Corina Martinez vs. Jani-King International, Inc., Jani-King, Inc., Jani-King of Houston, Inc., Rocket Franchising, Inc., and SCT Enterprises, Inc. (Civ. Action No. 4:17-CV-1401, United States District Court, Southern District of Texas, Houston Division) On May 5, 2017, Plaintiffs, who are franchisees of Rocket Franchising, Inc., filed this action against Defendants alleging that Defendants violated the Fair Labor Standards Act and seeking damages for unpaid overtime and minimum wage. On June 22, 2017, Defendants moved to dismiss Plaintiff's complaint. On January 23, 2018, the Court conditionally granted Defendants' motion to dismiss, but allowed Plaintiffs the opportunity to amend their complaint. On February 6, 2018, Plaintiffs dismissed Defendants, Jani-King International, Inc., Jani-King, Inc. and SCT Enterprises, Inc. and amended their complaint such that only Plaintiffs Beatriz Martinez and Corina Martinez made claims against Jani-King of Houston, Inc. On August 2, 2019, Jani-King of Houston, Inc. filed a counterclaim against Corina Martinez. On September 24, 2019, Jani-King of Houston, Inc. filed a third-party complaint against Martinez 5 Enterprise, LLC. In November 2019, without admitting any wrongdoing or liability, the parties reached a settlement whereby Plaintiffs Beatriz Martinez and Corina Martinez dismissed all claims against Jani-King of Houston, Inc. in exchange for payment in the total amount of \$17,500 and Jani-King of Houston, Inc. dismissed its counterclaim and third-party claim.

Simon Mujo and Indrit Muharremi vs. Jani-King International, Inc., Jani-King, Inc., and Jani-King of Hartford, Inc. (Case 3:16-cv-01990, United States District Court, District of Connecticut). On December 5, 2016, Plaintiffs (who are franchisees of Jani-King of Hartford, Inc.) filed a purported class action against Defendants alleging violation of the Connecticut Minimum Wage Act and unjust enrichment. On March 31, 2018, the Court granted Defendants' motion to dismiss the Connecticut Minimum Wage Act claims but denied Defendants' motion to dismiss the unjust enrichment claims. On January 9, 2019, the Court certified a class on the remaining unjust enrichment claims. On December 21, 2019, the Court granted Defendants' Motion for Summary Judgment. On December 30, 2019, Plaintiffs moved for reconsideration of the judgment, which the Court denied on January 3, 2020. On January 10, 2020, Plaintiffs appealed to the Second Circuit Court of Appeals. On

October 9, 2020, Plaintiffs filed a Motion to Certify Questions to the Connecticut Supreme Court. On September 9, 2021, the Second Circuit affirmed the District Court's dismissal of Plaintiffs' claims and denied Plaintiffs' Motion to Certify. On September 24, 2021, Plaintiffs moved for rehearing En Banc, which the Second Circuit denied on October 14, 2021.

O'Brien Enterprises, LLC and A&A Enterprises, LLC v. B&B Franchising, LLC, Jani-King International, Inc., Jani-King, Inc., and Jani-King Franchising, Inc. (Case No. 1:20-CV-00466-MRB, United States District Court, Southern District of Ohio) A2001829, Court of Common Pleas, Hamilton County, Ohio). Plaintiffs were unit franchises of B&B Franchising, LLC, which owned and operated the Jani-King regional franchisor that owned the rights to the territory. On May 8, 2020, Plaintiffs filed this purported class action against Defendants in the Court of Common Pleas, Hamilton County, Ohio alleging breach of contract, fraud in the inducement, and negligent misrepresentation and fraud against B&B Franchising, LLC, negligent supervision against Jani-King International, Inc., Jani-King, Inc., and Jani-King Franchising, Inc., and tortious interference against all of the Defendants. On June 11, 2020, B&B Franchising, LLC filed a Notice of Removal, thereby removing this matter to the United States District Court for the Southern District of Ohio. Plaintiffs sought unspecified damages, declaratory and injunctive relief, and reformation of their franchise agreements. On April 20, 2021, Jani-King International, Inc., Jani-King, Inc., and Jani-King Franchising, Inc. filed a motion to dismiss Plaintiffs' claims of tortious interference and claims for declaratory and injunctive relief pursuant to Rule 12(b)(6) for failure to state a claim upon which relief can be granted. On September 9, 2021, B&B Franchising, LLC filed an Unopposed Motion to Dismiss all claims of O'Brien Enterprises, LLC. On November 4, 2021, the remaining parties entered into a Settlement Agreement in which B&B Franchising, LLC agreed to pay \$23,500 to A&A Enterprises, LLC and A&A Enterprises agreed to dismiss its claims against all Defendants and executed mutual releases with all Defendants.

Alejandro Juarez, Maria Juarez, Luis A. Romero, and Maria Portillo v. Jani-King International, Inc., Jani-King, Inc. and Jani-King of California, Inc. (Case Number CV-09-3495, United States District Court, Northern District of California). On June 22, 2009, Plaintiff filed a class action against JK INT'L, JKI, and Jani-King of California, Inc. alleging violations of California Corporations Code §§31201 and 31202, intentional misrepresentation, concealment, negligent misrepresentation, breach of contract, violation of labor code §§510, 1182, 1194, 1197, 1198, 2801, 2810, wage order 5-2001, and business and professions code §17200. Defendants denied all allegations and filed a Notice of Removal of this action under 28 U.S.C. §§ 1446 and 1453, thereby removing this matter from the Superior Court of the State of California in and for the County of Alameda to the United States District Court Northern District of California. On October 5, 2009, the court granted Defendants' motion to dismiss with respect to Plaintiffs' causes of actions related to fraud, Plaintiffs' contract claim, and Plaintiffs' claim under California Labor Code section 2810.3. On March 4, 2011, Plaintiffs' Motion to Certify the Class was denied by the Court. On August 17, 2011, Defendants made an Offer of Judgment to Luis A. Romero in which Defendants made no admission that Defendants were liable in this action or that Romero experienced any damages, but offered to settle all of Romero's claims for a total sum of \$50,000. Romero accepted the Offer of Judgment and on September 23, 2011, a Stipulated Entry of Final Judgment was issued as to Plaintiff Luis A. Romero. On January 23, 2012, the Court granted Defendants' Motion for Summary Judgment on Plaintiffs' labor code claims, fraud claims, claims that Jani-King violated the California Franchise Investment Law and fraudulent practices under business and professions code §17200, and Juarezes' claim for breach of contract. The Court denied Defendants' Motion for Summary Judgment on Plaintiffs' claims for breach of implied covenant, and unlawful practices and unfair business practices under §17200, Portillo's claim for breach of contract, and Defendants' counterclaims against Juarez. On February 16, 2012, the Court granted Plaintiffs' motion for certification of its appeal from the decision on Summary Judgment to the Ninth Circuit Court of Appeals and stayed the case pending resolution of the interlocutory appeal before the Ninth Circuit. On May 10, 2012, the Ninth Circuit denied Plaintiffs permission for interlocutory appeal. On October 31, 2012, without admitting any wrongdoing or liability, Defendants and Maria Escobar (formerly Portillo) entered into a settlement whereby Escobar's franchise agreement with Jani-King of California, Inc. was terminated and Escobar dismissed all claims against Defendants, except for the employment mischaracterization claims, in exchange for payment in the amount of \$50,000. On October 31, 2012, without admitting any wrongdoing or liability,

Defendants, and Alejandro and Maria Juarez entered into a settlement whereby the Juarezes' franchise agreements with Jani-King of California, Inc. were terminated and the Juarezes dismissed all claims against Defendants, except for the employment mischaracterization claims, in exchange for a release of Defendants counterclaims and a payment in the amount of \$15,000. On December 14, 2012, Escobar and the Juarezes filed a Notice of Appeal of the Court's Summary Judgment Order with the Ninth Circuit Court of Appeals. In June 2018, the case was remanded back to the United States District Court for the Northern District of California in light of the California Supreme Court's decision in *Dynamex Operations West, Inc. v. Superior Court*, 4 Cal. 5th 903 (2018). On November 21, 2019, the Court stayed this case pending a decision from the California Supreme Court on the certified question of whether *Dynamex Operations West, Inc. v. Superior Court*, 416 P.3d 1 (Cal. 2018) applies retroactively. On January 14, 2021, the California Supreme Court ruled in *Vasquez v. Jan-Pro Franchising International, Inc.*, 478 P.3d 1207 (Cal. 2021) that its decision in *Dynamex* applies retroactively and the Court lifted its stay of this case the following day. In September 2021, Defendants agreed to pay \$150,000 to settle the Juarezes' individual claims. The parties also agreed to a Class Action Settlement Agreement encompassing both this lawsuit and *Jose Chavez and Emilio Montero v. Jani-King of California, Inc., Jani-King, Inc., Jani-King International, Inc.*, with the agreement that the Class Action Settlement Agreement would be filed in the *Chavez* case. The Class Action Settlement Agreement is described below in the summary of the *Chavez* case and received final approval by the *Chavez* court on July 7, 2022. The parties filed a Stipulation of Dismissal on September 21, 2021.

Jose Chavez and Emilio Montero v. Jani-King of California, Inc., Jani-King, Inc., Jani-King International, Inc. (Case No. RG19043517, Superior Court of California, Alameda County). On November 11, 2019, Plaintiffs, who are individuals who purchased franchises from Jani-King of California, Inc. through business entities they owned, filed this action against Defendants alleging that Defendants mischaracterized Plaintiffs as independent contractors in violation of the California Labor Code. Defendants deny all accusations. In September 2021, the parties agreed to a Class Action Settlement Agreement encompassing both this lawsuit and the *Juarez* case described above. Pursuant to the Class Action Settlement Agreement, without admitting liability, Defendants agreed to pay a class settlement totaling \$15,350,000 payable over a two-year period. The Court granted final approval of the settlement on July 7, 2022 and the settlement became effective on September 7, 2022.

Brian J. Schneider v. Jani-King of Buffalo, Inc. (Case No. SC15074, Town of Amherst Court). Plaintiff is the managing member of Abatis, LLC, a former franchisee of Jani-King of Buffalo, Inc. that was terminated for failure to pay minimum royalties and for abandonment. On May 19, 2022, Plaintiff filed suit against Jani-King of Buffalo, Inc. seeking to recover the initial franchise fee. The parties agreed to a settlement in June 2022. Without admitting any liability, Jani-King of Buffalo, Inc. agreed to pay Plaintiff \$4,000 in exchange for a release of all claims by Plaintiff and Abatis, LLC.

Arcel Enterprises Limited Co. v. Jani-King Franchising, Inc. (Case No. 22-S-00108, Fayette County District Court). On June 7, 2022, Plaintiff, a franchisee of Wildcat Franchising, Inc. d/b/a Jani-King of Lexington ("Wildcat"), filed suit against Jani-King Franchising, Inc. ("JKF") alleging theft, fraud, and discrimination and seeking to recover its initial franchise fee down payment. On July 26, 2022, JKF filed a Motion to Dismiss for lack of personal jurisdiction and because Plaintiff purchased its franchise from Wildcat and not JKF. On August 5, 2022, the Court postponed ruling on JKF's Motion to Dismiss and allowed Plaintiff time to add Wildcat as a Defendant. On August 9, 2022, Plaintiff reached a settlement with Wildcat. Pursuant to the settlement, Wildcat agreed to pay Plaintiff \$3,000 and waive a \$7,000 promissory note executed by Plaintiff, and Plaintiff agreed to return certain equipment and cleaning supplies to Wildcat, release all claims against Wildcat and JKF, and dismiss the lawsuit.

Administrative Orders and Decrees.

Commonwealth of Virginia, ex rel. State Corporation Commission v. Jani-King of Washington, D.C., Inc., (Case No. SEC-2012-00015, Commonwealth of Virginia, State Corporation Commission at Richmond) (September 12, 2013). The Commonwealth of Virginia, ex rel. State Corporation Commission (the "State")

alleged that Jani- King violated §13.1-563(2) of the Virginia Retail Franchising Act (the “Act”) by selling franchises to be operated in Virginia while omitting certain disclosures concerning its corporate ownership and prior litigation settlements. Jani-King did not admit nor deny the State’s allegations but, on September 12, 2013, entered into a Settlement Order with the State whereby Jani-King: (i) paid to the treasurer of the State \$62,000 in penalties; (ii) paid to the treasurer of the State \$23,000 to defray the State’s costs of investigation; (iii) provided a copy of the Settlement Order to all then-current Virginia franchisees; and, (iv) agreed to not violate the Act in the future.

California v. Jani-King of California, Inc. (Case No. 691-473, Superior Court, Los Angeles County, California). A consent decree was issued on July 19, 1988, based on an inquiry conducted by the California Department of Corporations (“the Department”). On April 25, 1988, an order was issued by the Department which denied and revoked Jani-King of California, Inc.’s registration due to the alleged failure by Jani-King of California, Inc. to comply with Sections 31123 and 31200 of the California Franchise Investment Law. The Department alleged that Jani-King of California, Inc. failed to notify the Department of the issuance of an order dated January 20, 1988 described in the offering circular within the material disclosing the counterclaims in two lawsuits. The Department also alleged that Jani-King of California, Inc. made certain misrepresentations in its franchise offering circular regarding the length and adequacy of franchisee training, the billing and collection practices of Jani-King of California, Inc., the types of customers a franchisee would service, the cost and availability of products offered by Jani-King of California, Inc., and general information about Jani-King Leasing Corporation and its relationship with Jani-King of California, Inc. An agreement was reached with the Department to reinstate Jani-King of California, Inc.’s registration upon satisfaction of certain conditions, including the amendment of the franchise offering circular, and the entry of a permanent injunction the terms of which required a temporary suspension of sales activity for 45 days, retention of competent franchise counsel, completion of certain educational and reporting requirements and the payments of a fine and costs incurred by the Department, and future compliance with the provisions of the California Franchise Investment Law. Jani-King of California, Inc. agreed to the entry of the permanent injunction solely for the purpose of settling the matter and does not admit that the allegations made by the California Department of Corporations are true or that it violated the California Franchise Investment Law. A permanent injunction was entered by the court on July 19, 1988.

On September 18, 1998, the California Department of Corporations issued a Cease and Desist Order against Jani-King of California, Inc., and certain affiliates, ordering them to stop offering and selling franchises in the state of California. On February 16, 1999, the Department of Corporations and Jani-King of California, Inc. entered into a Stipulation and Proposed Order and on February 17, 1999, both parties jointly moved to modify the permanent injunction entered by the court on July 19, 1988, to provide for, among other things, 1) the appointment of an independent monitor and the imposition of procedures to verify and confirm future compliance with the California Franchise Investment Law, and 2) certain training requirements for salespersons of Jani-King of California, Inc. The Cease and Desist Order was rescinded according to the terms of the Stipulation and Proposed Order. The court entered an order modifying the permanent injunction on February 19, 1999. In August 2002, the independent monitor determined that no significant violation of the California Franchise Investment law or decree had occurred during the last testing period and the monitoring was discontinued.

United States of America v. Jani-King International, Inc., (Civ. No. 395-CV1492-G, United States District Court, Northern District of Texas, Dallas Division). On July 24, 1995, without admitting any liability, JK INT’L agreed to a Stipulated Final Judgment and Order for Permanent Injunction (“the Final Judgment”) with the Federal Trade Commission (“FTC”). The FTC alleged that JK INT’L did not comply with the Commission’s Trade Regulation Rule entitled “Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures” (the “Franchise Rule”) by not properly disclosing JK INT’L’s litigation history concerning violations of law during the previous seven fiscal years, by not providing all of the information required concerning existing franchisees, and by making earnings claims without a reasonable basis and without the disclosures required by the Franchise Rule. Under the Final Judgment, JK INT’L is required to comply with the

Franchise Rule and agreed to pay \$100,000 to the FTC as a civil penalty. No guilt or innocence was determined, and JK INT'L admitted no liability for any of the matters alleged in the FTC's complaint.

Franchisor Initiated Litigation Involving the Franchise Relationship in the Last Fiscal Year.

None.

Other than these actions, no litigation must be disclosed in this Item.

EXHIBIT XI
Receipts

EXHIBIT XI

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FOCUS FRANCHISING, INC. dba JANI-KING OF MADISON 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, or sooner if required by applicable state law.

If FOCUS FRANCHISING, INC. dba JANI-KING OF MADISON does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency.

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

Name: JEFFREY WEYKER
Principal Business Address: 6472 RONALD REAGAN AVENUE, MADISON, WI 53704
Telephone Number: (608) 661-1990

Issuance Date: AUGUST 7, 2023

I received a disclosure document dated AUGUST 7, 2023. The disclosure document included the following Exhibits:

EXHIBITS

- Exhibit I Franchise Agreement with Guaranty
- Exhibit II Account Acceptance Agreement
- Exhibit III Office Supply and Advertising Package, Supply and Equipment Package, and Additional Electric Equipment
- Exhibit IV Equipment Lease Agreement and Guaranty of Payment and Performance
- Exhibit V General Release
- Exhibit VI Business Protection Plan Election Form
- Exhibit VII Table of Contents for Manuals
- Exhibit VIII Financial Statements
- Exhibit IX List of Current Franchisees and Franchisees Who Have Left the System
- Exhibit X Litigation and Bankruptcy Involving JK INT'L and its Affiliates
- Exhibit XI Receipts

Dated: _____

<p>_____ Signature (Individually and as an authorized agent)</p> <p>_____ Print Name</p> <p>_____ Print Title (if applicable)</p>	<p>_____ Name of corporation or limited liability company</p> <p>a _____ corporation</p> <p>a _____ limited liability company</p> <p>[Fill in state where applicable entity above was/will be formed]</p>
<p>_____ Address</p> <p>_____ Telephone Number</p>	<p>Referred By:</p> <p>_____</p>

(Sign and return this page)

EXHIBIT XI

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FOCUS FRANCHISING, INC. dba JANI-KING OF MADISON 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, or sooner if required by applicable state law.

If FOCUS FRANCHISING, INC. dba JANI-KING OF MADISON does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency.

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

Name: JEFFREY WEYKER
Principal Business Address: 6472 RONALD REAGAN AVENUE, MADISON, WI 53704
Telephone Number: (608) 661-1990

Issuance Date: AUGUST 7, 2023

I received a disclosure document dated AUGUST 7, 2023. The disclosure document included the following Exhibits:

EXHIBITS

- Exhibit I Franchise Agreement with Guaranty
- Exhibit II Account Acceptance Agreement
- Exhibit III Office Supply and Advertising Package, Supply and Equipment Package, and Additional Electric Equipment
- Exhibit IV Equipment Lease Agreement and Guaranty of Payment and Performance
- Exhibit V General Release
- Exhibit VI Business Protection Plan Election Form
- Exhibit VII Table of Contents for Manuals
- Exhibit VIII Financial Statements
- Exhibit IX List of Current Franchisees and Franchisees Who Have Left the System
- Exhibit X Litigation and Bankruptcy Involving JK INT'L and its Affiliates
- Exhibit XI Receipts

Dated: _____

<p>_____ Signature (Individually and as an authorized agent)</p> <p>_____ Print Name</p> <p>_____ Print Title (if applicable)</p>	<p>_____ Name of corporation or limited liability company</p> <p>a _____ corporation</p> <p>a _____ limited liability company</p> <p>[Fill in state where applicable entity above was/will be formed]</p>
<p>_____ Address</p> <p>_____ Telephone Number</p>	<p>Referred By:</p> <p>_____</p>

(Sign and return this page)