

**FRANCHISE DISCLOSURE DOCUMENT
for Unit Franchises**



R.E.JOHNSEN,LLC
A Wisconsin limited liability company
d/b/a Jan-Pro of Milwaukee
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As a JAN-PRO Cleaning & Disinfecting™ unit franchisee, you will own and operate an independent cleaning and maintenance business that performs commercial, industrial and institutional cleaning and maintenance services under the service mark “JAN-PRO Cleaning & Disinfecting™” and other trademarks, trade names, service marks, slogans and logos we authorize.

The total investment necessary to begin operation of a Jan-Pro Cleaning & Disinfecting unit franchised business is between [\$3,920 and \$72,020]. This includes between \$2,520 and \$60,000 that must be paid to the franchisor or its affiliate.

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 Marilisa Gonzalez, 10150 West National Avenue, Suite 201, West Allis, WI 53227, 414-897-0536.

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

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

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

Issuance Date: April 30, 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 or Exhibits D and E.
How much will I need to invest?	Item 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 C 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 JAN-PRO business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a JAN-PRO franchisee?	Item 20 or Exhibits D and E 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 Item 1.

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Wisconsin. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, and/or litigate with the franchisor in Wisconsin than in your own state.
2. **Royalty Fees.** You will be subject to a royalty fee of 10% of total revenues due from all accounts for services you provide. The franchisor will invoice and collect payment from your accounts and deduct and pay itself royalty fees, support fees, collection costs, and any other money due to the franchisor. On the last business day of each month, the franchisor will remit net amount billed to your recurring accounts from the previous month. If accounts you service do not pay, you suffer the loss of non-payment.
3. **Personal Guarantees.** If you are a partnership, corporation or limited liability company, all of your owners will be required to sign personal guarantees. This requirement places the personal assets of the franchise owner(s) at risk.
4. **Security Interest.** Your obligations under the promissory note are secured by a security interest in all your assets, including all equipment, inventory, agreements, contracts, accounts, accounts receivables, and all other property you own, or will later acquire, used in the franchise business.
5. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
6. **Customer Accounts.** The size, number and location of accounts offered to you are solely within the franchisor's discretion. If you reject an account that the franchisor offers you, the franchisor is under no obligation to replace it.
7. **Loss of Customers.** After one year, if you lose a customer account for any reason, the franchisor is under no obligation to replace it.
8. **Additional Accounts.** Once the franchisor's contractual obligation to offer you initial customer accounts has been fulfilled, the franchisor is under no contractual

obligation to expand your business with additional customer accounts, even if you are willing to pay for them.

9. **Billing for Customers.** Except in limited circumstances, the franchisor performs billing and collection for all services that you provide to your customers, whether you obtain the customer or you purchase the customer contract from the franchisor. If accounts you service do not pay, you suffer the loss of nonpayment. If the franchisor takes action to collect payments, the franchisor does so solely at your expense.

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, R.E.JOHNSEN,LLC means the franchisor and is referred to in this disclosure document as “we,” “us,” and “our.” “You” and “your” means the entity (generally a corporation or limited liability company) that buys the franchise, the franchisee. You may not acquire the franchise as a sole proprietor. All of your owners must agree to be personally bound under the franchise agreement.

Our Information

We are a state of Wisconsin LLC that was organized on January 21, 2004. We do business under the name Jan-Pro Franchise Development of Milwaukee. Our principal business address is 10150 West National Avenue, West Allis, WI 53227, 414-897-0536. Our agent for service of process is Wisconsin Secretary of State, Securities Division E-111, and this agent’s principal business address is Franchise Office, Wisconsin Securities Commission, P.O. Box 1768, Madison, WI 53701, phone: (608) 266-3364.

We are in the business of offering, selling and supporting Jan-Pro Cleaning & Disinfecting unit franchises (“Franchise(s) or Unit Franchises”) and we also provide outsourced sales and marketing services, billing and collection services, and customer management services on behalf of unit franchisees for a fee. We do not provide janitorial or cleaning services. We have been offering Unit Franchises since May 1, 2004. Although we are a Jan-Pro regional franchise developer, we have never operated a Franchise. We also have never offered franchises in any other line of business.

Our Parents

We have no parents.

Our Affiliates

We have no affiliates that are selling Franchises or that provide products or services to our franchisees.

Our Predecessor

We have no predecessors.

The Franchises Offered

Jan-Pro Franchising International, Inc. (the “Master Franchisor”) has developed a system (the “System”) to independently own and operate a comprehensive cleaning and maintenance business that performs commercial janitorial and related services under the service mark “JAN-PRO Cleaning & Disinfecting™” and other trademarks, trade names, service marks, slogans and logos that it authorizes (collectively, the “Proprietary Marks”). The Master Franchisor has granted us the right to offer and sell Unit Franchises to persons who want to independently own and operate Jan-Pro Cleaning & Disinfecting franchised businesses that service their janitorial customers of the Unit Franchise in our designated territory. Our designated territory includes Milwaukee, Waukesha, Racine, Kenosha, Walworth, and Washington counties (the “Territory”). Selling and servicing these Unit Franchises and providing outsourced sales and

marketing services, billing and collection services and customer management services to our unit franchisees, is our only businesses. Neither we, nor the Master Franchiser, provides janitorial or cleaning services.

Each Unit Franchise is an independently owned and operated business. When you purchase a Unit Franchise from us, you will sign a unit franchise agreement (“Franchise Agreement”). The Franchise Agreement includes the rights and responsibilities you have when operating your Unit Franchise under the Jan-Pro Cleaning & Disinfecting brand. You operate your Unit Franchise as an independent business owner, not as our or anyone else’s employee. As the owner of your own independent franchised business, you make all decisions on the goals of your franchised business and on how you achieve those goals. You alone choose the details of the day-to-day operations of your Unit Franchise, subject to our System brand standards, which are necessary to protect and promote the Jan-Pro Cleaning & Disinfecting™ brand.

For example, you choose your work hours and what work is done and how it is done (subject to customers’ preferences); you may hire your own employees and you may delegate work to your employees; you furnish your own supplies, equipment and workplace; and you pay for your own expenses. We do not pay you a wage or salary, and you may suffer losses if you are not successful in your Franchise.

As an independent business owner, you must prepare, file and pay all federal and state taxes, payments and tax returns required on all income you earn from your Franchise, including all income, unemployment and payroll taxes, such as FICA (social security and Medicare), FUTA (federal unemployment), and SECA (self-employment contributions) payments. You must comply with all laws, including, but limited to all employment laws.

General Market and Competition

Your market includes commercial customers requiring janitorial or maintenance services. Typical customers are offices, retail stores, automobile dealerships, childcare businesses, churches, fitness centers, medical facilities, etc. The market for commercial janitorial services is well developed. You will compete with individuals and other businesses that offer janitorial and building maintenance services.

Industry Regulations

Some of the laws specific to the commercial cleaning industry are health and sanitation laws and the Occupational Safety and Health Act (“OSHA”). OSHA regulations require you to comply with Safety Data Sheets (“SDS”) concerning cleaning chemicals and waste disposal. There may be other laws applicable to your Franchise. You should research these laws.

Laws and regulations vary widely from place to place. You should consult an advisor in your area to determine all applicable laws and regulations. You must also obtain all necessary permits, licenses and approvals to operate your Unit Franchise.

The Master Franchisor’s Corporate Information and Business Experience

The Master Franchisor is a Massachusetts corporation incorporated on April 6, 1995. The Master Franchisor does business as Jan-Pro Systems International™ and Jan-Pro. The Master Franchisor’s principal business address is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. The Master Franchisor has never operated a Jan-Pro unit franchise and it does not offer or sell unit franchises such as those that we offer. It has offered and sold Jan-Pro regional franchise development franchises such as ours since 1995. As of September 30, 2022, the Master Franchisor had 103 operating regional franchise development franchises. The Master Franchisor has never operated a regional franchise development

franchise; however, in the past, it has owned subsidiaries that have operated businesses similar to the regional franchise development franchise. The Master Franchisor has never offered franchises in any other line of business and has no other business activities.

The Master Franchisor's Parents, Affiliates and Predecessors

The Master Franchisor is a wholly-owned subsidiary of Empower Brands, LLC, a Delaware limited liability company ("Empower Brands"). Empower Brands was formerly known as Lynx Franchising, LLC from April 2019 to January 2023, and before that was known as Premium Franchise Brands, LLC until April 2019. Empower Brands is owned by Lynx-JP Holdings, Inc., a Delaware corporation ("Lynx-JP Holdings"). Lynx-JP Holdings was formerly known as Jan-Pro Holdings, Inc. and was purchased on December 23, 2020, by MidOcean BCAT Holdings, Inc., a Delaware corporation ("BCAT"). BCAT is owned by Bobcat Holdings Group, LP, a Delaware limited partnership ("Bobcat"). Bobcat is majority owned by MidOcean Associates V, LP ("MidOcean"). Empower Brands, Lynx-JP Holdings, BCAT and Bobcat each have a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. MidOcean has a principal business address of 245 Park Avenue, 38th Floor, New York, New York 10167. None of these entities has ever operated a regional franchise development or unit franchise, nor have they offered franchises in this or any other line of business.

Although the Master Franchisor is owned by Empower Brands, it has no parent that shapes its policies or controls franchise sales or operations. It makes its own decisions on policies and franchise sales and operations. The Master Franchisor has no predecessors.

The Master Franchisor's Affiliates

Jan-Pro Enterprises, LLC ("JPE") sells and supports JAN-PRO Franchise Development country master franchises and international regional franchise development franchises that sell franchises and provide support services under the JAN-PRO Cleaning & Disinfecting™ brand for the operation of janitorial and building maintenance service franchises outside of the United States. JPE, with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009 was formed as a Delaware limited liability company on February 15, 2005. JPE has offered JAN-PRO franchises outside of the United States since February 2005, and operates a National Accounts program for the benefit of JAN-PRO Cleaning & Disinfecting franchisees. As of September 30, 2022, there were eight country or international regional developer franchises operating outside of the United States. JPE has never conducted a business of the type that you will operate and has not offered franchises in any other line of business.

PMA Insurance SPC, Cayman ("PMA"), a subsidiary of Lynx-JP Holdings, is a Cayman Island Company formed on December 15, 1999. A segregated portfolio (PMA Insurance SPC, Cayman for and on behalf of JAN-PRO Segregated Portfolio) was created in 2018 to facilitate participation in the reinsurance program by Lynx-JP Holdings. PMA's principal business address is Governors Square, Building 4, 2nd Floor, 23 Lime Tree Bay Avenue, P.O. Box 1051, Grand Cayman, KY1-1102 Cayman Islands. PMA operates a captive worker's compensation insurance program through which franchisees may (but are not required to) participate in the Business Protection Program that is described in Item 6 below. PMA has not operated a business similar to the type described in this disclosure document and has not sold franchises in any line of business.

The Intelligent Office System, LLC ("IOS") franchises "Intelligent Office Centers" that operate progressive virtual office and communications solutions businesses, offering a range of vital business services to a mobile and non-mobile client base. In December 2018, the IOS system became affiliated with

the Master Franchisor through an acquisition. IOS, with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, is a Colorado limited liability company formed on March 22, 1999. IOS has offered Intelligent Office franchises since April 1999. As of September 30, 2022, there were 41 franchised Intelligent Office outlets in the United States. IOS has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

The Intelligent Office, Inc. (“TIO”) operates company owned Intelligent Office Centers. In December 2018, TIO became affiliated with the Master Franchisor through an acquisition. TIO, with a principal business address of 4450 Arapahoe Avenue, Boulder, Colorado 80303, is a Colorado corporation incorporated on April 15, 1996. TIO previously operated three company owned outlets in Colorado, but as of September 30, 2022, TIO no longer operates any company owned outlets. TIO has not conducted a business of the type that you will operate and has not offered franchises in any line of business.

Intelligent Office of Canada, Inc. (“IOC”) franchises “Intelligent Office Centers” in Canada. In December 2018, IOC became affiliated with the Master Franchisor through an acquisition. IOC, with a principal business address of 221 W. Esplanade, Suite 500, North Vancouver, BC V7M 3J3, is a Colorado corporation, incorporated on June 8, 2017. IOC has offered Intelligent Office franchises in Canada since September 2017. As of September 30, 2021, there were 12 franchised Intelligent Office outlets in Canada. IOC has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

FRSTeam, LLC (“FRSTeam”) franchises businesses that provide specialty and emergency dry cleaning and laundry services for clothing and fabrics following a residential or commercial disaster, including damage due to smoke, fire, water and mold. As an option, Franchisees may also provide electronics restoration services following similar disasters. In June 2020, FRSTeam became affiliated with the Master Franchisor through an acquisition. FRSTeam, with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, was incorporated as a California corporation on September 30, 2005 under the name “FRSTeam Corp.” FRSTeam was converted to a California limited liability company under the name “FRSTeam, LLC” on August 20, 2020. FRSTeam has offered FRSTeam franchises since March 2006. As of September 30, 2022, there were 37 franchised FRSTeam outlets in the United States. FRSTeam has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

Custom Commercial Dry Cleaners, LLC (“CCDC”) operates company owned CCDC restoration dry cleaning and electronics restoration businesses. In June 2020, CCDC became affiliated with the Master Franchisor through an acquisition. CCDC, with a principal business address of 3201 A Investment Blvd., Hayward, CA 94545, was incorporated as a California corporation on May 26, 1993 under the name “Custom Commercial Dry Cleaners, Inc.” CCDC was converted to a limited liability company under the name “Custom Commercial Dry Cleaners, LLC” on August 20, 2020. As of September 30, 2022, CCDC operated ten company owned outlets. CCDC has not conducted a business of the type that you will operate and has not offered franchises in any line of business.

Strategic Key Group, Inc. d/b/a The Contents Specialist (“SKG”) operates company owned facilities that perform restoration of contents including, but not limited to, artwork, furniture, antique items, documents, firearms and housewares. In July 2021, SKG became affiliated with the Master Franchisor through an acquisition by CCDC. SKG, with a principal business address of 9755 Distribution Avenue, Suite B, San Diego, California 92121, was incorporated as a California Corporation on August 25, 2014. As of September 30, 2022, SKG operated two company owned outlets. SKG has not offered franchises in any line of business.

Archadeck Franchisor, LLC (“Archadeck”) is the franchisor of the ARCHADECK® franchise system. ARCHADECK® franchises are businesses offering certain construction sales and services of outdoor living spaces and environments. In September 2021, Archadeck became affiliated with the Master Franchisor through an acquisition. Archadeck, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on August 31, 2021. Archadeck, through its predecessor, Archadeck Franchising Corporation (“AD Corp.”) had offered ARCHADECK® franchises since June 1980. As of September 30, 2022, there were 70 ARCHADECK® franchises, including 67 franchises located throughout the United States and 3 franchises located in Canada. Archadeck has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business other than described above.

Conserva Irrigation Franchisor, LLC (“Conserva”) is the franchisor of the CONSERVA IRRIGATION® franchise system in the United States. CONSERVA IRRIGATION® franchises are businesses offering repair, maintenance, service, design and construction of irrigation systems for residential and commercial customers with an emphasis on water conservation. In September 2021, Conserva became affiliated with the Master Franchisor through an acquisition. Conserva, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on August 31, 2021. Outdoor Living Brands, Inc. began offering royalty-free pilot licenses for CONSERVA IRRIGATION® businesses in April 2014. All pilot licensees were offered the opportunity to enter into franchise agreements with Conserva’s predecessor, Conserva Irrigation Franchising, LLC (“CILLC”) during 2017. As of September 30, 2022, there were 168 CONSERVA IRRIGATION® franchises located throughout the United States. Conserva has not conducted a business of the type that you will operate and has not offered franchises in any other line of business other than described above.

Outdoor Lighting Perspectives Franchisor, LLC (“OLP”) is the franchisor of the OUTDOOR LIGHTING PERSPECTIVES® franchise system in the United States. OUTDOOR LIGHTING PERSPECTIVES® franchises are businesses specializing in providing outdoor lighting design, automated lighting control equipment, holiday lighting design, installation services, and sales to residential and commercial customers. In September 2021, OLP became affiliated with the Master Franchisor through an acquisition. OLP, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on August 31, 2021. OLP, through its predecessor, Outdoor Lighting Perspectives Franchising, Inc. (“OLPFI”), offered OUTDOOR LIGHTING PERSPECTIVES® franchises since March 2005. As of September 30, 2022, there were 110 OUTDOOR LIGHTING PERSPECTIVE® franchises, including 108 franchises located throughout the United States and two franchises located in Canada. OLP has not conducted a business of the type that you will operate and has not offered franchises in any other line of business other than described above.

Superior Fence & Rail Franchisor, LLC (“Superior”) is the franchisor of the Superior Fence & Rail, Inc.® franchise system. Superior Fence & Rail, Inc.® franchises are businesses offering certain fencing services for residential and commercial customers. In December 2021, Superior became affiliated with the Master Franchisor through an acquisition. Superior, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on December 3, 2021. Superior, through its predecessor, Superior Fence & Rail Franchising, LLC (“Superior Franchising”) had offered Superior Fence & Rail, Inc.® franchises since January 2017. As of September 30, 2022, there were 76 Superior Fence & Rail franchises located throughout the United States. Superior has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business other than described above.

Superior Fence & Rail of NOFL, LLC (“Superior NOFL”) operates two company owned facilities that perform fencing services under the Superior Fence & Rail, Inc.® brand. In December 2021, Superior

NOFL became affiliated with the Master Franchisor through an acquisition. Superior NOFL, with a principal business office of 510 Superior Commerce Point, Oviedo, Florida 32765, is a Delaware limited liability company formed on December 3, 2021. Superior NOFL has not offered franchises in any line of business.

Other Affiliates of Master Franchisor with Franchise Programs

Through control with private equity funds managed by MidOcean Partners, a New York-based private equity firm, we are affiliated with the following franchise programs. None of these affiliates operate a Jan-Pro franchise.

Grease Monkey Franchising, LLC (“GMF”), which operates under the names Grease Monkey Franchising, LLC, Grease Monkey, and FullSpeed Automotive, is a franchisor of automotive quick lube franchises operating under the Grease Monkey® trade name and business system. GMF is a Colorado limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, GMF became an affiliate through an acquisition. GMF has been offering Grease Monkey franchises since January 2006, and as of September 30, 2022, there were approximately 187 franchises operating in the United States and 62 international franchises. GMF has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

GMI acquired substantially all of its assets from Grease Monkey International, LLC (“GMI”), which was the franchisor of the Grease Monkey franchise system from approximately September 1978 through March 2006. GMI also offered franchises for Monkey Shine car wash facilities from approximately April 1998 to March 2001. GMI remains the franchisor of all Grease Monkey franchises granted before April 2006. GMI is a Delaware limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, GMI became an affiliate through an acquisition. As of September 30, 2022 GMI operated company-owned units under the following brand names: Grease Monkey, SpeeDee Oil and Auto, Uncle Ed’s Oil, American LubeFast, Super Lube Plus, Economy Oil Change, Mobil 1 Lube Express, Excel Car Wash, Rocky Mountain Oil & Wash, Shop N Lube, Pioneer Oil and Wash, Herbert Automotive locations, Kwik Kar, and LubePro. Some of the units are a non-Grease Monkey brand but are substantially similar to the Grease Monkey franchise. GMI has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

GMI Services S de RL de CV (“GMI Mexico”) is a subsidiary of GMI. GMI Mexico provides support services to franchisees operating in Mexico. GMI Mexico’s principal business address is Calzada del Valle 255, Office 233, San Pedro Garza García, N.L., CP 66220, México. GMI Mexico has not conducted a business of the type that you will operate and has not offered franchises in any line of business.

SpeeDee Worldwide, LLC (“SpeeDee”) is a franchisor of automotive maintenance and repair services operating under the SpeeDee® trade name and business system. SpeeDee is a subsidiary of GMI. SpeeDee is a Delaware limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, SpeeDee became an affiliate through an acquisition. SpeeDee has been franchising since 1986, and as of September 30, 2022 there were 69 franchises operating in the United States and 29 franchises operating internationally. Until January 2017, SpeeDee also offered co-branding franchises under a separate Franchise Disclosure Document and different franchise agreement with its former parent, Midas International Corporation (“Midas”), for a Midas/SpeeDee co-branding shop. SpeeDee also operates 20 SpeeDee franchises in the United States

which are co-branded with Midas, who is not an affiliate. SpeedDee has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

ITEM 2 BUSINESS EXPERIENCE

Our Business Experience

President: Richard E. Johnsen, JAN-PRO of Milwaukee

Richard Johnsen has 45 years of general management and domestic and international sales and marketing experience. Prior to starting JAN-PRO of Milwaukee in January 2004 in West Allis, WI, Richard was Vice President Sales and Marketing for ConAgra Food Ingredients beginning in 1999. Richard has executive sales and marketing experience in the United States, Europe, and Australia for Johnson & Johnson, Inc. Richard has also worked for Monsanto, CitiBank, and PepsiCo.

Marilisa Gonzalez, our Vice President of Operations and Franchise Sales

Marilisa has been with Jan-Pro since April 2005.

Scott Rasmussen, Vice President Sales

Scott joined the business in April 2008.

Naomi Beyers, Director of Accounting and Finance

Naomi is our Director of Accounting and Finance since January 5, 2012. She graduated from Lakeland College and is a C.P.A.

The Master Franchisor's Business Experience

Brand President: Gary Bauer

From April 2020 to present, Gary has been the Brand President for the Master Franchisor and Jan-Pro Enterprises, LLC. From October 2016 through March 2020, Gary served as Operations Manager of Orkin Pest Control. Gary served as CEO of BDRY Systems from September 2015 to May 2016. From September 2000 to August 2015, Gary served in various senior executive roles for the AmeriSpec, Furniture Medic, ServiceMaster Clean, and ServiceMaster Restore franchise brands, including serving as Chief Operations Officer of the ServiceMaster Franchise Group from March 2012 to August 2015. He is based in Alpharetta, Georgia.

Senior Vice President of Operations: Charlie Kerr

Charlie has been the Master Franchisor's Senior Vice President of Operations since February 2021. From January 2020 until February 2021, Charlie served as President of KFR Group LLC in Denver, Colorado. Prior to that, from January 2014 until December 2019, Charlie served as President of Drama Kids International, Inc. in Fort Meyers, Florida. He is based in Denver, Colorado.

Vice President of Training, Technical Development and Sourcing: Neeraj Gupta

Neeraj has been the Master Franchisor's Vice President of Technical Development, Training and Sourcing since September 2020. From October 2016 until August 2020, Neeraj was the Vice President of Excelerate Learning, LLC in Memphis, Tennessee. Prior to that, from June 2001 until September 2016, Neeraj was the Director of Product Research and Development for the ServiceMaster Franchise Group in Memphis, Tennessee. He is based in Memphis, Tennessee.

Vice President of Franchise Development: Joseph Sloyan

Joe has been the Master Franchisor's Vice President of Franchise Development since May 2021. From February 1987 until May 2021, Joe served in sales and marketing positions for the ServiceMaster Franchise Service Group in Memphis, Tennessee. Prior to that, from April 1982 until February 1987, Joe served in various regional/district office operational and marketing positions with Orkin Pest Control in Waukegan, Illinois. He is based in Orland Park, Illinois.

Vice President of Marketing: Karen Forrest

Karen has been the Master Franchisor's Vice President of Marketing since June 2021. From August 2020 until May 2021, Karen served as an independent Marketing Consultant in Atlanta, Georgia. Prior to that, from September 2017 to August 2020, Karen served as Director of Global Marketing for InterContinental Hotels Group in Atlanta, Georgia. From December 2015 to September 2017, Karen served as Global Director of the IHG Rewards Club of InterContinental Hotels Group in Atlanta, Georgia. She is based in Atlanta, Georgia.

Senior Director of Field Operations: David Meyer

Dave has been the Master Franchisor's Senior Director of Field Operations since October 2021. Dave was the Master Franchisor's Director of Field Services from October 2019 to October 2021, the Master Franchisor's Director of Field Services and International from October 2018 to October 2019, and the Master Franchisor's Director of International/Domestic Field Services from October 2014 to October 2018. He is based in Beaverton, Oregon.

Director of Field Services: Robert Stapleton

Robert has been the Master Franchisor's Director of Field Services since October 2018 and was the Master Franchisor's Director of Operations for Field Services from November 2016 to October 2018. From September 2016 to October 2016, Robert worked in new car sales for Bommarito Nissan in St. Louis, Missouri. From August 2013 to September 2016, Robert worked in new car and pre-owned car sales and was the new car internet manager and Assistant Manager at Suntrup Ford in St. Louis, Missouri. He is based in St. Louis, Missouri.

Director of Field Services: Aaron Brown

Aaron has served as the Mater Franchisor's Director of Field Services since October 2022. From October 2019 until October 2022, Aaron was a Loan Officer with Mr.Cooper in Dallas Texas. Prior to that from March 2018 until October 2019, Aaron served as Regional Support Specialist with Jani-King International in Addison Texas. Aaron is currently based out of Frisco Texas.

Senior Director of Sales: Coleman Hudson

Coleman has been the Master Franchisor's Senior Director of Sales since October 2021. From October 2018 to September 2021, Coleman was the Master Franchisor's Director of Field Services and he was the Master Franchisor's Director of Field Support from April 2017 to October 2018. From May 2014 to April 2015, Coleman was a Regional Director of Development and then an Executive Director of Corporate Regions for Jani-King International, Inc. in Addison, Texas. He is based in Bonham, Texas.

The Master Franchisor's Parent's Business Experience

Chief Executive Officer: Scott Zide

Mr. Zide has been the Chief Executive Officer of Empower Brands since March 2022. Mr. Zide was also the President, COO and a Director of each of Archadeck, Conserva, and OLP from September 2021 to March 2022, and the COO of their predecessor, Outdoor Lighting Perspectives Holdings Corporation ("OLPHC"), from January 2007 to September 2011 and President of OLPHC from September 2010 to September 2021. Mr. Zide was also the Chief Operating Officer and a Director of Superior Fence from December 2021 to March 2022. From September 2008 to September 2021, Mr. Zide was also the COO of OLPHC's parent, Outdoor Living Brands, Inc., and served as its President from September 2010 to September 2021, in Richmond, Virginia. Mr. Zide also served as the President and Chief Operating Officer of Outdoor Living Brands Supply Corporation from December 2010 to September 2021, and OLP Commercial Services from June 2010 to September 2021, in Richmond, Virginia. Mr. Zide has owned and operated an Outdoor Lighting Perspectives® business in Richmond, Virginia since March 2014. From December 2018 to September 2021, Mr. Zide also served as President, COO, and a Director of CI LLC and as AD Corp.'s COO from September 2009 to September 2021, and as its President and a Director from September 2010 to September 2021. From February 2009 until December 2018, Mr. Zide served as Mosquito Squad Franchising Corporation's COO in Richmond, Virginia and as President and a Director from September 2010 until December 2018. From July 2012 to January 2020, Mr. Zide served as President and Chief Operating Officer of Renew Crew Franchise Corporation in Richmond, Virginia. Mr. Zide is based in Richmond, Virginia.

Vice President and Chief Financial Officer: Michael Borreca

Mr. Borreca has been the Vice President and Chief Financial Officer of Empower Brands since March 2017. From January 2015 to February 2017, Mr. Borreca was the Vice President, Corporate Finance and Treasurer of FOCUS Brands, Inc. in Atlanta, Georgia. From December 2007 to January 2015, Mr. Borreca held various positions with KPMG, LLP in Tampa and Miami, Florida. Mr. Borreca is based in Alpharetta, Georgia.

Chief Development Officer: R. Scott Sutton

Mr. Sutton has been the Chief Development Officer of Empower Brands since December 2022. From July 2021 to December 2022, Mr. Sutton was the Chief Growth Officer of Threshold Brands, LLC in Boston, Massachusetts. From August 2010 to July 2021, Mr. Sutton was VP of Business Development at Deluxe Corporation (d/b/a Safeguard Franchise Systems) in Dallas, Texas.

Vice President, Information Technology: Andrew Forrest

Mr. Forrest has been the Vice President, Information Technology of Empower Brands since January 2018 and was the Director of Information Technology of Empower Brands from January 2017 to

January 2018. From April 2016 to December 2016, Mr. Forrest was unemployed as he waited for his U.S. work permit to issue. During this time, he obtained a CAPM (Certified Associate Project Manager) certification, and a CSM (Certified Scrum Master) certification. From September 2009 to March 2016, Mr. Forrest worked for Abbey Protection Group in London, England, first as a Development Manager and then as Head of IT. Mr. Forrest is based in Alpharetta, Georgia.

Vice President, General Counsel: Sanjay B. Malhotra

Mr. Malhotra has served as Vice President, General Counsel for Empower Brands and its affiliates since August 2022. Mr. Malhotra is based in Richmond, Virginia. From June 2019 to August 2021, Mr. Malhotra was the Chief Legal Officer of Paris Baguette Bon Doux and its US and Canadian affiliates headquartered in Moonachie, New Jersey. From December 2014 to October 2018, Mr. Malhotra was the Global General Counsel of Le Pain Quotidien based in New York, NY and Brussels, Belgium.

ITEM 3 LITIGATION

Our Litigation Disclosures

No litigation must be disclosed by us in this Item.

The Master Franchisor's Litigation Disclosures

Pending Actions of the Master Franchisor

Employee Misclassification in Federal Court

Roman, Vazquez and Aguilar, and all others similarly situated v. Jan-Pro Franchising International, Inc. (Case No. 3:16-cv-05961, United States District Court, Northern District of California). On November 3, 2016, the Court accepted a transfer of this case from the Massachusetts District Court, where the franchisees in Massachusetts had already lost their case (as they also had in Georgia state court). The Plaintiffs were Unit Franchises of certain of the Defendant's Regional Franchise Developers. The Defendant had no contracts or relationship with the Plaintiffs and never dealt with the Plaintiffs in their franchise purchases or their business operations. On January 26, 2017, the Plaintiffs filed a Second Amended Complaint. The Plaintiffs alleged that the Defendant was liable for the actions of a few of the Defendant's Regional Franchise Developers who were alleged to have engaged in unfair and deceptive business practices. The Plaintiffs also alleged that they were the Defendant's direct employees, were misclassified as independent contractor franchisees rather than as employees, and that they were denied wages and/or other employee benefits. The Plaintiffs' claims also were based on theories of quantum meruit and unjust enrichment. The Plaintiffs sought certification as a class action, damages attributable to the Defendant's alleged statutory and common law violations, statutory enhancement of damages, declaratory and injunctive relief against the Defendant, and any other relief to which they might have been entitled.

The Defendant filed a Motion for Summary Judgment on February 16, 2017, and both parties briefed this Motion. Oral argument on this Motion was held on May 4, 2017 and on May 24, 2017, the Court issued its Decision, granting the Defendant's Motion for Summary Judgment and holding that the Plaintiffs were not the Defendant's employees. On July 20, 2017, the Court ordered the Plaintiffs to pay the Defendant a portion of the Defendant's costs.

On May 25, 2017, the Plaintiffs appealed this loss to the U.S. Court of Appeals for the Ninth Circuit. Both parties completed briefing of the issues in January 2018 and the Court scheduled oral arguments for December 18, 2018. On May 2, 2019, the 9th Circuit issued its opinion, reversing and remanding the case back to the U.S. District Court, holding that the new ABC test¹ could be applied to the Plaintiffs' ten-year old claims. The District Court will have to analyze the applicability of California's new ABC test for employee status against the facts in the Defendant's case. On May 31, 2019, the Defendant filed a Petition in the 9th Circuit requesting the entire Court to review the 9th Circuit's decision. On July 22, 2019, however, the Ninth Circuit granted a panel rehearing; withdrew the court's previously-published opinion; and declared its intention to file "[a] revised disposition and an order certifying to the California Supreme Court the question of whether [Dynamex] applies retroactively." Thereafter, the court reissued its opinion and certified the question of retroactively applying the ABC test to the California Supreme Court. On October 8, 2019, the Defendant filed a Petition for rehearing by the panel or en banc of the 9th Circuit's reissued opinion. On November 7, 2019, the 9th Circuit denied the Defendant's petition for a panel rehearing or rehearing en banc. The Supreme Court accepted the certification to answer the retroactivity question on November 20, 2019. The Plaintiffs' opening brief was submitted to the California Supreme Court on January 22, 2020. On March 17, 2020, the Defendant submitted two 28j letters to the Ninth Circuit Court of Appeals asking them to decertify the question of retroactivity to the Supreme Court, or order supplemental briefing. The Defendant submitted its reply brief on May 27, 2020 to the California Supreme Court arguing against retroactivity and asking for the Supreme Court to decertify the retroactivity question. The California Supreme Court held a hearing on November 3, 2020, and issued a decision on January 14, 2021, holding that the ABC test announced in Dynamex could apply retroactively, but declined to state whether the ABC test applied in a franchise context, a threshold issue that will be the subject of additional proceedings in this matter. On February 2, 2021, the Ninth Circuit reissued its prior opinion and remanded the case to the California Northern District Court. On January 22, 2022, Plaintiffs filed a motion for summary judgment and class certification. On August 2, 2022, the Northern District Court of California granted plaintiffs motion for class certification and summary judgment as to (1) failure to pay minimum wage for mandatory training, (2) failure to reimburse for expenses incurred for (a) required uniforms and (b) necessary cleaning supplies and equipment, and (3) unlawful deductions of (a) management fees and (b) sales and marketing fees for the following group: all unit franchisees who signed a franchise agreement with a master franchisee in the state of California and who performed cleaning services for defendant from December 12, 2004, to the latest date on which a named plaintiff terminated employment.

On August 17, 2022, Jan-Pro petitioned the Ninth Circuit Court of Appeals pursuant to Rule 23(f) of the Federal Rules of Civil Procedure seeking permission to appeal the District Court's decision holding that JPI had waived its right to arbitrate as to unnamed class members and that Plaintiffs' claims for management and sales-and-marketing fees are encompassed by certain California wage orders. On November 10, 2022, the Ninth Circuit denied Jan-Pro's Rule 23(f) petition. Trial and pretrial conferences are expected to be set for later in 2023.

Employee Misclassification Case in Washington, DC Superior Court

District of Columbia v. Nabicorp Enterprises, Inc. and JAN-PRO Franchising International, Inc. (Case Number 2022 CA 003128 B, Superior Court of the District of Columbia, Civil Division). On July 13, 2022,

¹ The New ABC test is defined by the State of California as "(A) The person is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact; (B) The person performs work that is outside the usual course of the hiring entity's business; and (C) The person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

the Office of the Attorney General (“OAG”) for the District of Columbia filed a lawsuit alleging that Nabicorp Enterprises, Inc. (“Nabicorp”), a Regional Franchise Developer for the Washington DC and surrounding Maryland and Virginia territory, misclassified its Unit Franchisees who reside in or do a substantial amount of work in the District of Columbia as independent businesses rather than as employees. The OAG alleges that JAN-PRO Franchising International, Inc. (“JPI”) is a joint employer of Nabicorp’s Unit Franchisees. The OAG alleges violations for unlawful deductions and failure to keep records under the Wage Payment and Collection Law and failing to provide sick leave under the Sick and Safe Leave Act (“SSLA”). The OAG seeks declaratory relief on the status of Unit Franchisees and injunctive relief on future misclassification as well as damages for unlawful wage deductions, damages and punitive damages under the SSLA and reinstatement of paid sick leave, statutory penalties and costs and fees. The case is in active discovery.

Prior Actions

Employee Misclassification Case in Massachusetts State Court

Claudio Brandao and Rommel Lima, et al. v. Jan-Pro Franchising International, Inc. (Case number 13-4439B, Superior Court of Suffolk County, Massachusetts). The attorney in the above federal case attempted to add two additional plaintiffs to the federal case in 2012. After receiving a preliminary indication in December 2013 from the judge that he would not allow additional plaintiffs to be added, the attorney then sued in the Massachusetts state court on December 18, 2013. The Plaintiffs were Massachusetts unit franchisees of certain of the Defendant’s regional franchise developers. The Plaintiffs allege that they were the Defendant’s direct employees and were denied wages and/or other employee benefits. The Plaintiffs’ claims were based on theories of misclassification as independent contractors and wage act violations. The Plaintiffs sought certification as a class action, damages attributable to alleged statutory law violations, statutory enhancement of damages, injunctive relief, and any other relief to which they might be entitled.

The Defendant was served with this action on January 14, 2014. On August 4, 2015, the Defendant filed a Motion to Compel Arbitration based on a recent ruling by the Massachusetts Supreme Judicial Court in an unrelated case. On February 25, 2016, a new plaintiff, Barros, was added to the case. On May 7, 2016, the judge granted the Defendant’s Motion and dismissed this action and stated that Brandao should have filed an arbitration action and Lima should have filed suit in New Hampshire. Brandao and Barros then filed separate arbitration actions, which are described in the next subsection. Lima has not refiled in New Hampshire.

Further Proceedings for Barros

Barros then filed a Motion to Correct the Judgment as the Judgment did not specifically address his claims. On August 24, 2018, the Superior Court ruled that Barros should be compelled to arbitration. On September 6, 2019, the parties entered into a settlement agreement whereby Barros released all claims in exchange for a payment of \$13,000.

Further Proceedings for Brandao

On November 30, 2017, Brandao moved in the Superior Court to reopen his case in court rather than arbitration, claiming that he could not afford to pay the American Arbitration Association deposit. The Defendant opposed this motion.

On August 21, 2019, the parties entered into a settlement agreement whereby Brandao released all claims in exchange for a payment of \$22,000.

Employee Misclassification Arbitration Proceeding

Claudio Brandao v. Jan-Pro Franchising International, Inc., Before the American Arbitration Association (Case No. 01-16-0003-954). On July 28, 2016, Brandao, a plaintiff in the above action, filed an individual Demand for Arbitration before the American Arbitration Association. The Plaintiffs allege that they were the Defendant's direct employees and were denied wages and/or other employee benefits. The Plaintiffs' claims were based on theories of misclassification as independent contractors and wage act violations. An arbitrator was selected.

On November 30, 2017, Brandao moved in the Superior Court to reopen his case in court (described above) rather than arbitration, claiming that he cannot afford to pay the American Arbitration Association deposit. The Defendant has opposed this motion. On August 21, 2019, the parties entered into a settlement agreement whereby Brandao released all claims in exchange for a payment of \$22,000.

Tony Barros v. Jan-Pro Franchising International, Inc., Before the American Arbitration Association (Case No. 01-16-0003-0958). On July 28, 2016, Barros, a plaintiff in the above Massachusetts state court action, filed an individual Demand for Arbitration before the American Arbitration Association. The Plaintiffs allege that they were the Defendant's direct employees and were denied wages and/or other employee benefits. The Plaintiffs' claims were based on theories of misclassification as independent contractors and wage act violations. In November 2018, the Defendant informed the American Arbitration Association that Barros had signed a release of claims and the American Arbitration Association should not go forward without resolving whether Barros even has a right to go forward due to the release he signed. On September 6, 2019, the parties entered into a settlement agreement whereby Barros released all claims in exchange for a payment of \$13,000.

Other than the actions described above, no litigation must be disclosed in this Item for the Master Franchisor.

ITEM 4 BANKRUPTCY

No bankruptcies must be disclosed in this Item for us or the Master Franchisor.

ITEM 5 INITIAL FEES

Initial Franchise Fee

When you sign your Franchise Agreement, you must pay us an initial franchise fee (the "Initial Franchise Fee"). This fee ranges from \$2,520 (if 10% discount is applied) to \$60,000, depending on the Account Gross Billings (as defined below in Item 5) of the Initial Plan you purchase. The Initial Plans are described below. If you pay the Initial Franchise Fee in full when you sign the Franchise Agreement (without financing), we will discount the Initial Franchise Fee (ranging from \$2,800 to \$60,000) by 10%.

We may, at our option, finance a portion of the Initial Franchise Fee to help you purchase your Franchise. If we do so, you must make a down payment of \$950 to \$52,500, depending on the Initial Plan you choose, when you sign the Franchise Agreement. You must pay the balance, ranging from \$1,850 to \$7,500, in equal monthly installments over the time that we establish before you sign your Franchise

Agreement. You must pay interest on this balance at an annual rate of 10%. You must sign a promissory note (“Promissory Note”) to evidence your obligation to repay us these amounts. The form of Promissory Note is attached to the Franchise Agreement as Exhibit A. All of your owners must guarantee payment of the Promissory Note. The form of Guaranty is attached to the Franchise Agreement.

Initial Plans

We offer 19 Franchise plans (each, an "Initial Plan"). Each Initial Plan represents the purchase of contract(s) totaling a different amount of “Account Gross Billings.” “Account Gross Billings” are the total estimated annual revenues from any customer accounts (“Accounts”) that you purchase from us and service.

Initial Plan	Account Gross Billings ⁽²⁾	Total Fee	If You Pay All Cash ⁽³⁾	If You Finance the Initial Franchise Fee		
				Down Payment	Amount Financed	Monthly Payments ⁽⁴⁾
FP-5	Accounts totaling \$5,000 per year	\$2,800	\$2,520	\$950	\$1,850	\$59.69
FP-8	Accounts totaling \$8,000 per year	\$4,250	\$3,825	\$2,250	\$2,000	\$64.53
FP-11	Accounts totaling \$11,000 per year	\$5,300	\$4,770	\$2,500	\$2,800	\$90.35
FP-14	Accounts totaling \$14,000 per year	\$6,900	\$6,210	\$3,700	\$3,200	\$103.25
FP-17	Accounts totaling \$17,000 per year	\$8,000	\$7,200	\$4,000	\$4,000	\$129.07
FP-20	Accounts totaling \$20,000 per year	\$9,000	\$8,100	\$5,000	\$4,000	\$129.07
FP-25	Accounts totaling \$25,000 per year	\$10,700	\$9,630	\$5,700	\$5,000	\$161.34
FP-30	Accounts totaling \$30,000 per year	\$11,850	\$10,665	\$6,850	\$5,000	\$161.34
FP-35	Accounts totaling \$35,000 per year	\$13,000	\$11,700	\$8,000	\$5,000	\$161.34
FP-40	Accounts totaling \$40,000 per year	\$14,000	\$12,600	\$9,000	\$5,000	\$161.34
FP-50	Accounts totaling \$50,000 per year	\$18,000	\$16,200	\$13,000	\$5,000	\$161.34
FP-60	Accounts totaling \$60,000 per year	\$21,000	\$18,900	\$16,000	\$5,000	\$161.34
FP-75	Accounts totaling \$75,000 per year	\$25,000	\$22,500	\$20,000	\$5,000	\$161.34
FP-85	Accounts totaling \$85,000 per year	\$28,000	\$25,200	\$23,000	\$5,000	\$161.34

² The actual Gross Billings you receive under your Initial Plan depend on many variables, including satisfying your customers and retaining your Accounts, and whether or not you accept Accounts offered to you (and do not stop servicing your Accounts), and which Accounts are counted in the fulfillment of your Initial Plan. The Account Gross Billing figures used for our various Initial Plans must not be considered as actual or potential sales, costs, income or profits you will realize; your actual sales, costs, income or profits will vary. We do not guarantee that you will realize or maintain these Account Gross Billing figures because it is impossible for us to do so with any degree of certainty.

³ This amount shows a 10% discount.

⁴ “Monthly Payments” include interest at 10% annually. The length of time for these payments varies by Initial Plan.

Initial Plan	Account Gross Billings ⁽²⁾	Total Fee	If You Pay All Cash ⁽³⁾	If You Finance the Initial Franchise Fee		
				Down Payment	Amount Financed	Monthly Payments ⁽⁴⁾
FP-100	Accounts totaling \$100,000 per year	\$33,000	\$29,700	\$28,000	\$5,000	\$161.34
FP-125	Accounts totaling \$125,000 per year	\$39,000	\$35,100	\$31,500	\$7,500	\$242.00
FP-150	Accounts totaling \$150,000 per year	\$45,000	\$40,500	\$37,500	\$7,500	\$242.00
FP-175	Accounts totaling \$175,000 per year	\$52,500	\$47,250	\$45,000	\$7,500	\$242.00
FP-200	Accounts totaling \$200,000 per year	\$60,000	\$54,000	\$52,500	\$7,500	\$242.00

Your Account Gross Billings do not reflect the costs of sales and operating expenses that must be deducted from Account Gross Billings to determine your net revenue or profit.

Once you agree to purchase an Account contract, you will sign an Acceptance Agreement for the contract, and the Account remains your property unless repossessed pursuant to the Unit Franchise Agreement or by operation of the terms of the Account contract. An Account contract will immediately be repossessed if the Account: (i) requests in writing that it be serviced by another JAN-PRO Cleaning & Disinfecting franchisee; (ii) your Franchise Agreement is terminated; (iii) you otherwise stop being a Jan-Pro franchisee. In addition, you may transfer your contract to another JAN-PRO Cleaning & Disinfecting franchisee directly or request assistance in selling the contract to another franchisee if you no longer want to service a customer.

You will review each new Account contract we offer to you and decide for yourself whether or not you will accept that Account contract under your Initial Plan. If you reject an Account contract we offer under your Initial Plan, we will have a reasonable time to offer you a replacement Account contract, which may take longer than our original time commitment to you.

If, within the first 12 months after you accept an Account contract, the Account contract is terminated for any reason other than your documented Misconduct (as defined in in Section 1.2.3 of the Franchise Agreement), or if you stop servicing an Account contract because the Account does not make payment (a “Terminated Account”), we will, within a reasonable time, offer a replacement Account contract(s) as follows:

- a. We can offer replacement Account contract(s) that are equal to, or more than, the full Account Gross Billings of the Terminated Account. In this case, our replacement obligation ends at 12 months from the Terminated Account’s start date); or
- b. We can offer replacement Account contract(s) that are equal to, or more than, the remaining Account Gross Billings of the Terminated Account that was a replacement account. In this case, our replacement obligation ends 12 months from the replacement Account start date).

If an Initial Plan Account has Account Gross Billings that are greater than the amount required to be offered under the Initial Plan, or a replacement Account contract offered has Account Gross Billings that are greater than the Terminated Account, you must pay us a Sales and Marketing Fee (as defined below in Item 6) for the excess.

For example, if a Terminated Account's Account Gross Billings is \$1,000 per month (\$12,000 per year), and you provided services for 7 months before the Account terminates, you have received Account value of \$7,000. We will replace the Account with Account contract(s) that provides the remaining \$5,000 in Account Gross Billings during the 12 months after you start servicing the new Account.

If a customer terminates your services at any time after one year from the date you begin providing services for that customer, we are not obligated to replace that Account or refund any portion of the initial franchise fee, no matter what the reason was for termination.

Our Time to Fulfill the Initial Plan

Under the Franchise Agreement, we generally have 120 business days after your Start Date (as defined below in this Item 5) to offer you Accounts with the required Account Gross Billings. However, if your Initial Plan is over \$35,000 in Account Gross Billings, we have 120 business days, plus an additional 30 business days for each \$15,000 of Account Gross Billings *or portion of that amount* over the \$35,000 of Account Gross Billings, to offer you Accounts with required Account Gross Billings. These time periods will be extended if you lose an Account (other than for your Misconduct) or we discontinue your services to an Account because we determine that you need additional certification or if you default under your Franchise Agreement (See Section 1.2 of the Franchise Agreement for more information).

Refunds of Initial Franchise Fee

If we fail to offer you initial Accounts with the Account Gross Billings required under your Franchise Agreement within the agreed-upon time, we will reduce the Initial Franchise Fee by the Adjustment Amount. The "Adjustment Amount" is the difference between the Initial Franchise Fee for the Initial Plan you purchased and the Initial Franchise Fee for the Initial Plan we actually offered. We will apply the Adjustment Amount first to reduce any amounts you owe us (including under a Promissory Note) and any remaining amount will be refunded to you. Other than this circumstance, the Initial Franchise Fee is not refundable for any reason.

If the Initial Plan we offer to you is not one of the standard Initial Plans, we use a formula to determine the Adjustment Amount. For example, if you purchase a FP-20 (\$20,000 of estimated Account Gross Billings per year), the Initial Franchise Fee is \$9,000. If we offer you Accounts with Account Gross Billings that only total \$16,200 per year (which is between the FP-17 and FP-14, the marginal rate ("Marginal Rate") between the FP-17 and the FP-14 is 36.66%. Here is the calculation:

- The difference between the Initial Franchise Fees for FP-17 and FP-14 is \$1,100 (\$8,000 - \$6,900)
- The difference between the Account Gross Billings for FP-17 and FP-14 is \$3,000 (\$17,000 - \$14,000)
- The Marginal Rate is calculated as $\$1,100 \div \$3,000 = 36.66\%$
- The Initial Franchise Fee for the actual Accounts offered to you would be:
 - the FP-14 Initial Franchise Fee of \$6,900
 - PLUS the amount above \$14,000 in Account Gross Billings of \$2,200 (\$16,200 offered - \$14,000), multiplied by the Marginal Rate of 36.66% = \$807
- The Initial Franchise Fee of the Initial Plan we offered would therefore be $\$6,900 + \$807 = \$7,707$. Your refund would be $\$9,000 - \$7,707 = \$1,293$. If you financed your Initial Franchise Fee, the refund amount will be deducted first from any remaining balance under your Promissory Note.

Your "Start Date" is the date on which you have: 1) obtained all licenses and permits required by law to operate your Franchise; 2) obtained your initial equipment and supplies described in Item 7 (the

“Initial Equipment Package”); 3) obtained the required insurance; 4) successfully completed our Certification Program (defined below in in Item 11); 5) created a business entity as required by the Franchise Agreement; 6) assigned the Franchise Agreement to that business entity (and each owner of the business entity has signed the Guaranty agreement); and 7) fulfilled any other reasonable conditions that we require.

Initial Equipment Package

Before the Start Date and within a reasonable time after you have completed our Certification Program, you must demonstrate that your entity possesses all the supplies listed in the Initial Equipment Package either from us for \$1,000 plus any applicable sales tax, or from a third party or parties at their market price.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	10% of your Gross Billings for the previous month	Monthly on the last day of the month	You must pay a “Royalty Fee” on Gross Billings. “Gross Billings” means the total revenues due from each Account for all services you provided under the Proprietary Marks during a calendar month. See Section 5.1.1 of the Franchise Agreement for more information on what Gross Billings includes.
Support Fee	5% of your Gross Billings for the previous month	Monthly	You must pay us a monthly support fee on your Gross Billings (“Support Fee”).
Administrative Fee for Special Services	10% of your Gross Billings for Special Services for the previous month	Monthly	“Special Services Billings” means Gross Billings for Special Services. “Special Services” are special or isolated cleaning services performed under one-time, short-term and/or nonrecurring contract(s) that you accept. These services may include carpet cleaning and extraction, floor stripping and refinishing, disinfection services, or initial cleaning, and the like. Amounts due from customers for Special Services are included in your Gross Billings; they are, however, separately reported and invoiced.
Advertising Fee	Then-current fee (not to exceed 1% of Gross Billings for the previous month)	Monthly	We have the right to implement a system-wide advertising and promotion fund. We do not collect this fee and have not collected this fee in the past.
Technology Fee	\$0 - \$60	Monthly	You must pay us a monthly technology fee of no more than [\$60] for use of a business management software platform that we may require you to use.

Type of Fee	Amount	Due Date	Remarks
Negotiation Fee Service Charge	The first month's Gross Billings for each Negotiated Contract	3 equal installments, the first of which is due when the first payment under the Negotiated Contract is received	You must pay us a " <u>Negotiation Fee</u> " if you request that we help you bid and negotiate a cleaning service contract (" <u>Negotiated Contract</u> "). Assistance may include coaching and support with how to scope a project, how to estimate time to complete the scope of work, market pricing strategy, marketing materials, contract term negotiation, and other support at your request.
Resolution Assistance Service Charge	\$50 for the Resolution Assistance Fee (" <u>Resolution Assistance Fee</u> ") per Complaint; plus reimbursement of the cost of the other party to perform the services; plus 20% of the cost as a service fee (" <u>Service Fee</u> ") for our administrative services	When Complaint is made or you violate the brand standards and procedures	A " <u>Complaint</u> " is a customer complaint to which you did not respond within the time stated in that customer's service contract with you or the Jan-Pro Cleaning & Disinfecting customer warranty or service programs. If you fail to respond to the Account Complaint within that period, we may have to make arrangements with another service provider to correct the problem to return the facility to brand standards. We may charge a Service Charge in addition to the payment of the alternate service provider at their standard service rates that we make on your behalf.
National Account Support Charge	1% of Gross Billings from National Accounts	Monthly	A " <u>National Account</u> " is a national or regional account referred by the Master Franchisor's affiliate. This fee is in addition to the Royalty Fee due on Gross Billings from National Accounts.
Substitution Fee	An amount equal to the cost of the other party to perform the services, plus a fee of 20% of the cost for our administrative services for the Service Fee	When you ask us to provide an alternate service provider for your contracted Account	We may assist you by providing substitute contractors to perform your contracted services. In addition to the payment of the alternate service provider at their standard service rates that we make on your behalf, we may charge a Service Fee.
Renewal Fee	\$750	Before the start of the renewal term	You must pay us a renewal fee (" <u>Renewal Fee</u> ") for renewing your Franchise Agreement.
Transfer Fee	The greater of \$4,000 or 8% of your total Gross Billings for the 12 full calendar months before the transfer	Before the transfer	If you transfer your Franchise, you must pay us a transfer fee (" <u>Transfer Fee</u> "). If we require the transferee to enter a new Franchise Agreement, the transferee will not pay an Initial Franchise Fee.

Type of Fee	Amount	Due Date	Remarks
Advances	Amount of the uncollected Advance	90 days after Account is invoiced	<p>Our payments to you under Section 7.3 of the Franchise Agreement are advances ("<u>Advances</u>"), to the extent that your customers have not actually paid.</p> <p>If, after 90 days from the date an Account is invoiced, the customer has not paid, you must reimburse us for the amount of the uncollected Advances and our related fees. We will not charge interest on Advances unless you don't repay them on time, in which case interest accrues at the contract interest rate ("<u>Contract Interest Rate</u>") from the date you must repay the Advance until paid. We will not make Advances to you for your Special Services Billings.</p>
Advance Assurance Fee	2% of Gross Billings for the previous month	Monthly	<p>We may offer you the option to pay us an "<u>Advance Assurance Fee</u>" instead of repaying uncollected "<u>Advances</u>." If you choose to pay this fee, you must pay the Advance Assurance Fee for the remainder of the term, or until we discontinue the "<u>Advance Assurance Program</u>." We may discontinue the Advance Assurance Program upon 30 days' written notice.</p>
Key Return Fee	\$500 for each day that you do not return customer keys or other means of access to your customers' premises	On demand	<p>When your Account contract expires or terminates, or the Account exercises their option to request a new JAN-PRO Cleaning & Disinfecting service provider, you must immediately return to us (acting in our role as a service coordinator) or the Account (as designated by the Account) all keys, security passes, security codes, and any other means of access to your customers' premises. You also must do this if you stop servicing any customer.</p>
Additional Persons Certification Fee	The then-current fee (currently \$250 per additional person) for attendance at the Certification Program	Before attendance	<p>All of your managers must attend our Certification Program (defined in Item 11). You must pay the costs your manager incurs in attending the Certification Program. We may charge a reasonable fee after we have provided the Certification Program for 4 of your representatives.</p>
Interest	The lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law	On demand	<p>If you don't pay us on time, interest accrues from the due date until the amount is paid in full.</p>

Type of Fee	Amount	Due Date	Remarks
Business Protection Program	Amount of the premium, fees payable to us for administering the program, and other related and incidental costs	On demand	We may allow you to participate in a group insurance plan (the " <u>Business Protection Program</u> ") that provides general liability insurance, workers' compensation insurance (where available), and bonding to us and our participating franchisees through an insurance company that names us and you as insureds. If we do, and you elect to participate in the Program, you must pay us these amounts.
Insurance Review	Then-current fee (currently \$100 per year)	On demand	If you choose to obtain your insurance outside of the Business Protection Program, we may charge you an administration fee commensurate with our costs for tracking your policies and renewals from a third-party insurance provider. We do not charge this fee under the Business Protection Program because the insurance provider does this for us.
Insurance Administrative Fee	Up to \$50 per month	On demand	We may charge an administrative fee of up to \$50 per month to cover the cost of verifying your insurance coverage, and the cost of handling any insurance claims submitted with a third-party provider.
Insurance	The cost of the insurance, plus interest at the Contract Interest Rate, plus a reasonable fee for our expenses	On demand	If you do not obtain and maintain the insurance required by your Franchise Agreement, we have the right (but not the duty) to obtain that insurance for you. If we do, you must pay us these amounts.
Default Collection Expenses	Our actual costs	On demand	If we hire an attorney or other professionals due to your nonpayment to us or our affiliates, or you don't submit required reports, information or supporting records, or you otherwise breach your Franchise Agreement, you must pay us these amounts.
Collection Costs	Our out-of-pocket costs (including legal fees and court costs)	On demand	If any of your customers do not make payment, we may hire attorneys, file suit, or take any other actions we consider appropriate to collect amounts due, at your expense. We will consult you before doing so and all costs for outside help will be paid by you.

Type of Fee	Amount	Due Date	Remarks
Indemnification	All amounts we must pay on your behalf	On demand	If we or the Master Franchisor must pay any amounts on your behalf, you must reimburse us. Examples of amounts covered by this indemnity include claims relating to: (i) your or your employee's car accident; (ii) your failure to comply with applicable law in the event that you or your workers are determined to be our employee or joint employee by any federal or state agency; (iii) your failure to act as an independent business owner; (iv) your failure to pay any income, unemployment or payroll tax; or (v) your failure to file any tax return relating to being an independent business owner.
Lost Manual Fee	\$200 for each replaced Operations Manual	Before we provide you with the replacement Operations Manual	If you lose any of the Operations Manuals (as defined below in Item 11) (even if stolen or destroyed), we will loan you a replacement copy of each Operations Manual.
Testing Fee	The reasonable cost of the inspection and the actual cost of the testing, plus our then-current per diem charges for our personnel	On demand	If you propose to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier, or that do not comply with our specifications, you must pay us this amount for inspecting and testing.
Liquidated Damages	The total of all Royalty Fees and Support Fees for the lost customers for 12 months	On demand	If you violate Section 17.1.1 of the Franchise Agreement, you must pay to us a lump sum payment (as liquidated damages for causing the loss of customers and not as a penalty). This payment is not exclusive of any other remedies that we have.

All fees in the above chart are imposed by and paid to us. All fees are nonrefundable.

Billing and Collections

Pursuant to the Franchise Agreement, you purchase from us the following services that we perform on your behalf:

- a. invoice and collect from your Accounts; and
- b. accept and process payments from customers.

You have the option of retaining a 3rd party provider to perform such services.

We collect the money due on Accounts, and deduct and pay ourself Royalty Fees, Support Fees, advertising fees, collection costs, and any other payments then due to us (including under any Promissory

Note, Account Acceptance Agreement or other agreement). On the last business day of each month, we remit to you the net amount billed to your recurring Accounts for the previous month (after deducting the amounts described in this paragraph). In some cases, your monthly remittance may include money for an Account that has not yet paid your bill. In these cases, your monthly remittance for that Account is an advance to you against future collection. We will include remittance for the net amount invoiced for your Special Services Billings after your customer has made payment.

Additional Accounts

After you sign a Franchise Agreement, we provide sales and marketing services for you on a commission basis relating to additional Accounts (not included in the original Initial Plan) that we may offer to you ("Additional Accounts"). You may review each Additional Account and decide whether you want to take it. To obtain Additional Accounts, you must pay us a sales and marketing commission/fee (the "Sales and Marketing Fee") for the value of the services we provide in the acquisition and negotiation of the Account on your behalf. We will transfer ownership of the Additional Account to you upon your written acceptance of the Additional Account. The Sales and Marketing Fee for each Additional Account is determined by your total Annualized Billings (as defined below), as follows:

- a. If your Annualized Billings are less than \$50,000, the Sales and Marketing Fee is 4 times the Additional Account's monthly Account Gross Billings (as defined below).
- b. If your Annualized Billings are \$50,000 or more, the Sales and Marketing Fee is 3.2 times the Additional Account's monthly Account Gross Billings.

"Annualized Billings" means the product of 12 times your total Gross Billings for the month prior to the month in which you are acquiring the Additional Account(s). "Monthly Account Gross Billings" for an Additional Account equals the Annualized Billings for that account divided by 12.

As an example, if your Annualized Billings are \$15,000 and you purchase an account with monthly gross billings of \$200, you would pay \$800 as a Sales and Marketing Fee. If your Annualized Billings are \$50,000 and you purchase an account with monthly gross billings of \$200, you would pay \$640 as a Sales and Marketing Fee.

Payment for Additional Accounts

The following payment options are available for payment of the Sales and Marketing Fee:

- a. You may pay the entire Sales and Marketing Fee in cash and receive a 10% discount on the Sales and Marketing Fee.
- b. You may pay the Sales and Marketing Fee in four or fewer consecutive equal monthly installments. We will deduct those installments (and any other amounts you owe us) from the first four payments we collect for you from all of your Accounts. If those first four or fewer collected payments are not sufficient to fully pay the Sales and Marketing Fee (and any other amounts you owe us), we may either require you to pay the balance due on demand or deduct the balance due from amounts we later collect from your Accounts.
- c. You may finance the Sales and Marketing Fee by making a down payment and financing the balance of the Sales and Marketing Fee. Under this loan option, you must sign the Promissory Note attached to the Franchise Agreement in Exhibit A, and all of your beneficial and legal owners must guarantee all of your obligations under the Promissory Note by signing a

Guaranty in the form attached to the Franchise Agreement. The Promissory Note will have an original principal amount equal to the outstanding balance of the Sales and Marketing Fee and annual interest on the unpaid principal amount at the rate of 10%. Installments of principal and interest are due monthly after the month you begin servicing the Additional Account(s).

Loss of Additional Accounts

If any Additional Accounts are terminated within the Replacement Obligation Period (as defined below) for any reason other than your documented Misconduct, we will replace the terminated Additional Account within a reasonable time as stated in your Franchise Agreement. The "Replacement Obligation Period" is:

- a. twelve months from the date you begin servicing the Additional Account if you pay the entire Sales and Marketing Fee in cash as provided in Section 4.3.1 of the Franchise Agreement or pay the Sales and Marketing Fee in four or fewer consecutive equal monthly installments as provided in Section 4.3.2 of the Franchise Agreement; or
- b. six months from the date you begin servicing the Additional Account if you pay the Sales and Marketing Fee in any other manner.

If an Additional Account is terminated after the Replacement Obligation Period expires, we are not required to replace it for any reason.

Cooperatives

There are no cooperatives in which you must or may participate; however, we may negotiate with some suppliers for you, at your request.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to Be Made
	Low	High			
Initial Franchise Fee	\$2,520	\$60,000	Pay in Full or Installments	When you Sign your Franchise Agreement	Us
Travel and Living Expenses While Attending Certification Program ⁽¹⁾	\$50	\$300	As Arranged	During Certification Program	Hotels, Parking facilities, Gas stations
Office and Related Expenses ⁽²⁾	\$150	\$550	Pay in Full	As Incurred	Vendors
Vehicle ⁽³⁾	\$0	\$500	If Needed	As Incurred	Third Party
Initial Equipment Package ⁽⁴⁾	\$800	\$1,250	Pay in Full	Before Opening	Us or Third Party

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to Be Made
	Low	High			
Real Estate ⁽⁵⁾	\$0	\$550	As Incurred	As Incurred	Landlord
Electrostatic Sprayer Machine ⁽⁶⁾	\$750	\$1,500	Lease or Pay in Full	As Incurred	Vendor
Floor Buffing Machine ⁽⁷⁾	\$50	\$1,300	Lease or Pay in Full	As Incurred	Vendor
Carpet Cleaning Machine ⁽⁸⁾	\$50	\$4,400	Lease or Pay in Full	As Incurred	Vendor
Insurance ⁽⁹⁾	\$200	\$620	Pay in Installments	As Incurred	Us or Insurance Company
Legal & Organizational Costs ⁽¹⁰⁾	\$50	\$2,000	Pay in Full	Before Opening	Government Agencies and Attorneys
Additional Funds (3 Months) ⁽¹²⁾	\$150	\$550	As Incurred	As Incurred	Employees, Government Agencies, Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT	\$4770	\$73,520			

1. Travel and Living Expenses While Attending Certification Program. This estimate includes only local travel between your home and a local commercial site where the Certification Program (as defined below in Item 11) is presented.
2. Office and Related Expenses. This estimate includes additional phone costs, office/administrative supplies, uniforms, and may include additional janitorial supplies.
3. Vehicle. You must have a vehicle for transportation to and from the customer facilities you service. You typically use your personal vehicle for this purpose. The monthly cost will vary based on the make, model and condition of the vehicle, financing arrangements, area in which the vehicle will be used, and the like.
4. Initial Equipment Package. You must possess the items in the Initial Equipment Package, which may be purchased from us at a cost of between \$800 to \$1,300 plus any applicable sales tax, or from a third party at their market price. The required Initial Equipment Package includes:

*Uniforms:	Chemicals:
3 Mix Match of collard or T-Shirt or 3 Aprons	1 SC Johnson Professional (SCJP) Trueshot Multi-surface and Glass cleaner 2.0
*Equipment:	1 SCJP Trueshot Heavy Duty Degreaser 2.0
4 32oz Spray Bottle with Triggers	1 SCJP Trueshot Multi-surface, Restroom & Disinfectant cleaner 2.0
1 Deck Brush	1 SCJP Trueshot Disinfectant Hospital Grade 2.0
1 Johnny Mop with Caddy	1 SCJP Neutral Floor Cleaner Concentrate
1 Duster with extention and dusting pad	2 Trueshot Dispensing Triggers
6 Microfiber Mops	1 Qt. Carpet Spotter
1 Microfiber Mop Head and Handle	1 Qt. Bottle of Stainless Steel Cleaner
1 Microfiber Mop Head Loop end	1 Qt. M-95 Bathroom Cleaner
12 Microfiber Dusting Clothes	1 Qt. NABC
1 Pro Team Super Coach Quarter Vacuum	1 Gallon of Consume- Ecolyzer
1 Set Mop Bucket for Microfiber Mops	*Safety:
1 Set 44 Gallon Barrel w/ Dolly & Caddy Bag	1 Wet Floor Sign
1 Angle Broom	1 Box Latex or Vinyl Gloves
	1 Pair Safety Glasses
	Appropriate Safety Data Sheets ("SDS")
	Appropriate Labels for Trigger Sprays

5. Real Estate. Typically, you use your residence as an office and storage facility for your Franchise. You may, however, rent storage space for approximately \$40 to \$75 per month. You also may rent a 10' x 12' office, unfurnished, for approximately \$120 to \$260 per month, or furnished for approximately \$210 to \$475 per month. These costs vary depending on your location and general availability of office space.
6. Electrostatic Sprayer Machine. You may lease this machine for \$50 - \$150 per day. The machine, if purchased, will cost between \$750 - \$1,500.
7. Floor Buffing Machine. You may lease this machine for \$50 to \$150 per day. The machine, if purchased, will cost approximately \$650 to \$1,300.
8. Carpet Cleaning Machine. You may purchase carpet-cleaning equipment for carpet-cleaning requests. The cost to purchase this equipment ranges from approximately \$500 to \$1,500, depending

on the supplier, the type of equipment, and whether it is used or new. You also may lease this equipment for approximately \$50 per day, depending on the same factors.

9. Insurance. See Item 8 for the required insurance.
10. Legal & Organizational Costs. You must obtain business licenses and permits from various state and local agencies. The costs vary and can range from \$25 to \$800 for each license or permit. Additional fees to prepare and file licenses or permits can range from \$700 to \$1,000. You must form an entity to operate your Franchise.
11. Additional Funds (3 Months). This is only an estimate of the expenses for your initial start-up phase. The additional funds you will need to operate during this phase include payroll costs, rent, utilities, and transportation costs to service your customers. These estimates do not include a salary or allowance for you; any Royalty Fees; any other amounts you must pay us; or any additional supplies you may need after your initial inventory is consumed. We cannot guarantee you will not have additional expenses starting your franchised business. The actual amount of additional funds you will need during the initial phase of operating will depend on factors such as: the size and location of your Franchise; how much you follow our methods and procedures; your management skills, experience, and business ability; local economic conditions; the local market for Jan-Pro cleaning and maintenance services; the prevailing wage rate; and other factors. By providing these estimates of your costs, we are not making any representation that you will have any level of sales. The estimates are of your expenses only and reflect no offsetting sales revenue you may earn from operations to pay those expenses.

We relied on our experience in supporting unit franchises that provide cleaning and maintenance services to compile these estimates. Review these figures carefully with a business advisor before deciding to purchase the Franchise. Except as stated in Item 10, we do not offer direct or indirect financing to Unit Franchises for any items.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchasing Requirements

You are not required to buy or lease equipment, chemicals, supplies, inventory, advertising materials, or any other products and services used to operate your Franchise directly from us or our affiliates, or the Master Franchisor or its affiliates. However, you must buy or lease equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate your Franchise under our written requirements. These requirements include standards for quality, safety, OSHA compliance, cleaning efficiency and economy, and any other standards we deem appropriate for the Franchise. We are an approved supplier for many items you must buy or lease for the operation of your Franchise.

Purchases from Approved Suppliers/Manufacturers

You must purchase or lease certain equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate the Franchise only from suppliers and manufacturers that we approve in writing. We will provide you with a list of approved and designated suppliers and manufacturers for supplies and equipment. We have the right at any time to require you to purchase other products and/or services only from suppliers and manufacturers that we approve.

We may designate ourselves or an affiliate as an exclusive or nonexclusive supplier of any of the products or services used to operate your Franchise, and may make a profit supplying these products and services to you. Currently, none of our officers own an interest in a required supplier

Approval of Alternative Suppliers/Manufacturers

If you propose to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier or manufacturer, or that does not comply with our specifications, you must submit a written request for our approval, or request the proposed supplier or manufacturer to do so. As a condition of our approval, which we may grant or withhold or revoke in our sole discretion, we may require that our representatives be permitted to inspect the proposed supplier or manufacturer's facilities, and that samples from the supplier or manufacturer be delivered, at our option, either to us or to an independent, certified laboratory we designate for testing. For products involving new specifications, we may require that samples of those products be delivered either to us or to an independent, certified laboratory we designate for testing. We are not liable for damage to any sample that may result from the testing process. You must pay a fee not to exceed the reasonable cost of the inspection and the actual cost of the testing.

We may, at our option, reinspect any approved supplier's or manufacturer's facilities and products and continue to sample the products at the supplier's or manufacturer's expense. We may revoke approval upon the supplier's or manufacturer's failure to continue to meet our specifications. We also may require, as a condition to our approval, that the supplier or manufacturer present satisfactory evidence of insurance, such as product liability insurance, protecting us and our franchisees against all claims arising from the use of the supplied item(s) within the System. We will exercise reasonable efforts to approve or disapprove your proposal within 30 days after we receive your written request for approval.

Authorized suppliers and manufacturers must demonstrate, to our continuing satisfaction, that they possess, among other things: (i) the ability to meet our reasonable standards and specifications; (ii) adequate quality controls; and (iii) capacity to supply the products promptly and reliably. When considering whether to approve suppliers or manufacturers for the System, we may consider any other relevant factors, including any factors relating to the price and quality of the products or services and the supplier's or manufacturer's reliability. We may approve a single supplier or manufacturer for any brand and may approve a supplier or manufacturer only as to a certain brand or brands. We may concentrate purchases with one or more suppliers and/or manufacturers to obtain the lowest prices or the best advertising support or services for any group of franchised businesses. We may condition our approval of a supplier and/or manufacturer upon the frequency of delivery, standards of service, including prompt attention to complaints, and concentration of purchases. Our approval may be provisional, pending our further evaluation of the supplier or manufacturer. We may revoke our authorization at any time in writing.

Purchases in Accordance with Our Specifications

You must purchase or lease certain equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate the Franchise only in accordance with our specifications.

Specifications that we have formulated for these items are in our Unit Franchise operations manual. We may modify these specifications upon reasonable written notice to you. We will consider your written request for a modification of a specification if you explain the reason for the requested modification (or for the approval of any product or service we have not previously approved) and provide us with sufficient technical data to enable us to evaluate your request. We will provide you with notification of approval or disapproval within 30 days after receipt of your request. We will approve a request if we determine that a modified specification is appropriate or that any product or service meets our specifications then in effect.

We may perform tests to determine if any equipment or products meet our specifications. You must pay a fee to cover our out-of-pocket expenses, plus our then-current per diem charges for our personnel, for any required testing or inspection.

Insurance

You must obtain the types and amounts of insurance coverage required under the Franchise Agreement. This insurance is in addition to any other insurance you must have by law or otherwise. At a minimum, these policies include:

- a. janitorial bonding of at least \$50,000;
- b. workers' compensation insurance for you and all of your employees with a minimum coverage of \$100,000 or the minimum state law coverage, whichever is higher, and all unemployment insurance required under state and federal laws to maintain a proper unemployment insurance customer account;
- c. comprehensive general liability insurance covering property damage, loss and personal injury of at least \$1,000,000 per occurrence, \$4,000,000 in the aggregate; and
- d. automobile liability insurance of at least \$1,000,000 personal injury and property damage insurance.

These policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A-" or better, and, to the extent permitted by law, must name us and the Master Franchisor as additional insureds. We reserve the right to adjust the amounts of insurance required under these policies and require different or additional types of insurance, including excess liability insurance. We may do this to protect against inflation, new risks, changes in law or standards of liability, greater damage awards, or other relevant changes in circumstances.

If you choose to obtain your insurance outside of the Business Protection Program described below, we may charge you an administration fee commensurate with our costs for tracking your policies and renewals from a third-party insurance provider. This fee is currently \$50 per year. We do not charge this fee under the Business Protection Program because the insurance provider provides this service to us.

The Business Protection Program

We may allow you to participate in the Business Protection Program, a group insurance plan that provides general liability insurance, workers' compensation insurance (where available), and bonding to us and our participating franchisees through an insurance company that names us and you as insureds.

Initial Equipment Package

You must purchase the Initial Equipment Package which is described in Item 7 within a reasonable timeframe after you complete our Certification Program (described below in Item 11). You may purchase these items from us or a third party if they meet our specifications.

Revenues Derived from Required Purchases and Leases

During our last fiscal year ended December 31, 2022, our revenues derived from the sale of equipment, chemicals, supplies, insurance and uniforms to franchisees was \$682,872. This revenue represents approximately 4.5% of our total revenue of \$15,112,606.

During the Master Franchisor’s last fiscal year ended September 30, 2022, the Master Franchisor derived \$186,863 in revenue for licensing the software and \$56,598 in revenue for web hosting and email services to regional franchisees. The Master Franchisor also received rebates from several suppliers who provide regional franchisees and unit franchisees with marketing materials, paper products, cleaning chemicals and cleaning equipment. During the Master Franchisor’s last fiscal year ended September 30, 2022, these rebates totaled \$190,162 (\$27,080 for cleaning chemicals; \$48,378 for cleaning equipment; \$59,711 for paper products; \$12,050 for Systino; and \$42,943 for other). This revenue totals \$432,624 or 1.6% of Master Franchisor’s total revenue of \$27,356,677

During the Master Franchisor’s last fiscal year ended September 30, 2022, the Master Franchisor’s self-insured workers’ compensation captive affiliate, PMA, derived revenue of \$4,800,000 from regional franchisee and unit franchisee purchases of services and/or products. This revenue totals 100% of the Master Franchisor’s affiliate’s total revenues of \$4,800,000.

The cost of all goods and services purchased under our specifications will range from 80% to 90% of your total purchases in starting your Franchise and range from 15% to 40% of your total purchases during the operation of your Franchise. The range is based on the Initial Plan you purchase and estimated Gross Billings.

Supplier Rebates

We did not receive any rebates or discounts as the result of franchisee purchases
No Purchasing or Distribution Cooperatives

No purchasing or distribution cooperatives exist. We do not undertake to negotiate purchase arrangements (including price terms) with suppliers.

No Material Benefits for Use of Approved Sources

We do not provide material benefits to you based on your use of designated or approved suppliers.

**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 Unit Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Items 11 and 12
b. Pre-opening purchases/leases	Section 8.5	Items 5, 7, 8 and 11

Obligation	Section in Unit Franchise Agreement	Disclosure Document Item
c. Site development and other preopening requirements	Not applicable	Not applicable
d. Initial and ongoing certification	Sections 7.1 and 8.1	Items 6, 7 and 11
e. Opening	Not applicable	Items 7 and 11
f. Fees	Sections 1.4, 2.2, and 3.1, Article 4, Article 5, Article 7, Section 8.6, Article 14, Sections 17.2 and 18.4, and Summary Page	Items 5, 6 and 7
g. Compliance with standards and policies/operating manuals	Sections 1.1, 12.1 and 12.2	Items 8 and 11
h. Trademarks and proprietary information	Article 11 and Section 12.3	Items 13 and 14
i. Restrictions on products/services offered	Section 8.10	Item 16
j. Warranty and customer service requirements	Sections 8.3 and 9.1	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Section 8.5	Item 8
m. Maintenance, appearance and remodeling	Not applicable	Not applicable
n. Insurance	Article 14	Items 6, 7 and 8
o. Advertising	Sections 5.1.4 and 7.6 and Article 11	Items 6, 7 and 11
p. Indemnification	Section 19.3	Item 6
q. Owner's participation/management/staffing	Sections 7.8, 8.2 and 8.9	Item 15
r. Records/reports	Article 10	Not applicable
s. Inspections/audits	Section 10.4 and Article 13	Item 6
t. Transfer	Article 18	Items 6 and 17
u. Renewal	Section 2.2	Items 6 and 17
v. Post-termination obligations	Article 16	Item 17
w. Non-competition covenants	Article 17	Item 17
x. Dispute resolution	Article 20, and Sections 22.10 and 22.14	Item 17
y. Other	Not applicable	Not applicable

ITEM 10 FINANCING

We may finance a portion of the Initial Franchise Fee for qualified franchisees. We also may finance a portion of the Sales and Marketing Fee if you accept Additional Accounts from us. Financing also is available for equipment leases. We offer no other financing.

We may finance between \$1,850 and \$7,500 of your Initial Franchise Fee, depending on the Initial Plan that you purchase. We also may finance a portion of any Sales and Marketing Fee. We may finance up to 75% of the purchase price of certain equipment you purchase from us for 12 to 36 months. In each case, you must sign a Promissory Note in the form attached to the Franchise Agreement in Exhibit A for the amount financed. This amount must be paid in not more than 36 equal monthly installments with interest at 10% per year. The type of equipment financed may include cleaning tools such as mops, towels, spray bottles, vacuum cleaners, buckets, mobile trash carts, electrostatic sprayers, floor buffers, floor cleaning machines, and other items used to provide services to your customers.

Your obligations under the Promissory Note are secured by a security interest in all of the assets that you use in your franchised business. These assets include all equipment, inventory, agreements, contracts, your Accounts, your accounts receivable, and all other property you now own or later acquire, used in your franchised business. You may pay the Promissory Note early with no prepayment penalty. All of your owners must sign the Guaranty attached to the Franchise Agreement. Under this Guaranty, your owners guarantee that you will perform all of your obligations under the Promissory Note.

If you default under the Promissory Note:

- a. the entire balance of the Promissory Note becomes immediately due;
- b. you must pay court costs and legal fees we pay to collect the amounts you owe us (even if we don't sue you);
- c. you must pay interest at the lesser of: (i) 18% per annum; or (ii) the maximum legal rate on the remaining principal balance, and all accrued interest; and
- d. we may terminate your Franchise Agreement.

Under the Promissory Note, you waive the following defenses and legal rights: valuation and appraisal, demand, presentment, notice of non-payment, dishonor and protest; and your right to a jury trial.

The Promissory Note and Account Acceptance Agreement permits us to assign it, but it is not our practice or current intention to sell, assign or discount all or any part of any Promissory Note or Account Acceptance Agreement to a third party.

Neither we nor any affiliate receives any consideration for placing financing with any third-party lender.

Jan-Pro Veterans Preference Program

To provide support to past veterans and current veterans being released from active service, we offer all qualifying veterans financing of 50% of the Initial Franchise Fee for all Initial Plans FP-20 and above. We will provide this financing for 24 months at no interest. You must sign a Promissory Note in

the form attached to the Franchise Agreement in Exhibit A for the amount financed. A summary of the other terms of the Promissory Note and Guaranty you must sign is disclosed above. To qualify for this program, you must be a veteran who has received an honorable discharge from the U.S. Military, and you must provide a copy of your Form DD 214 showing your status as a veteran.

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

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

Pre-Opening Obligations

Before you open your Unit Franchised business, we (or our designee(s)) will provide the following assistance and services to you:

1. We will offer you an Initial Plan that consists of one or more Accounts for customers in the Territory. These Accounts are estimated to generate a certain dollar amount of Account Gross Billings (Franchise Agreement, Section 1.2).
2. We will provide up to four people with a comprehensive initial instructional program at no charge (the "Certification Program") (Franchise Agreement, Section 7.1).
3. We will loan you one registered copy of each volume of the Jan-Pro operating manuals (together, the "Operations Manual") (with periodic revisions as required). Our customary practice is to deliver the Operations Manual at or shortly before the initial Certification Program (Franchise Agreement, Section 12.2). The Operations Manual's table of contents is attached to this disclosure statement as Exhibit B.
4. We will sell to you (if you choose) or provide you with the Initial Equipment Package. The fee in Item 5 will apply (Franchise Agreement, Section 8.5.1).
5. We will provide you with a list of approved suppliers and/or manufacturers and approved equipment, chemicals and supplies during initial certification (Franchise Agreement, Section 8.5).

Post-Opening Obligations

During the operation of your Unit Franchise, we (or our designee(s)) will provide the following assistance and services to you:

1. We will invoice Accounts monthly (unless a service contract requires a different procedure or we consider a different interval appropriate). We will collect the payments due for your Account contract(s), and deduct and pay ourselves Royalty Fees, Support Fees, advertising fees, collection costs, supply costs, service fees, insurance amounts, and any other amounts then due to us (including amounts due under any Promissory Note) (Franchise Agreement, Section 7.2).
2. On the last business day of each month, we will advance you the net amount billed on your behalf based on the invoice you submit to us by the 10th of the month following services for your customers relating to your recurring Accounts (after deducting the amounts described above). We will include payment for the net amount invoiced for your Special Services Billings after the customer has made payment (Franchise Agreement, Section 7.3).

3. We will assist you with your Account relations. You are responsible for finding a replacement if you cannot service your customers. We may assist you by locating contractors to perform janitorial services if you are unable to. If substitute contractors perform these services, you will be deemed to have directed us to divert any revenue you would have received for these services to the substitute contractor and you are not entitled to any payments from the customer for those services, as they are paid to the substitute contractor. In addition to the payment of the alternate service provider at their standard service rates that we make on your behalf, we may charge you a fee of 20% of the cost for our administrative services. (Franchise Agreement, Section 7.7).

4. We will help you bid and negotiate cleaning service contract(s) if you request. You must pay us the Negotiation Fee for assisting you (Franchise Agreement, Section 5.2.1).

5. We may provide additional personal consultations if we can reasonably accommodate your request to do so. We may periodically introduce new methods and materials through personal consultation, group seminars, and other programs. There are no costs to you for personal consultations and group seminars. We may consult with you on business and operational problems, and analyze sales, marketing and financial data (Franchise Agreement, Section 7.1). We may provide this instruction in any manner we deem appropriate, including via mail and telephone.

6. Generally promote our franchisees through advertising and public relations campaigns (Franchise Agreement, Section 7.6).

Advertising

Advertising Fund

We currently do not have a national or regional advertising fund or regional advertising cooperative for our Unit Franchises. We do however, have the right to implement and administer an advertising fund (the “Fund”) to solicit customers and for the overall benefit of the System. If implemented, the Fund will be for the benefit of the System (including the Master Franchisor, our affiliates, and any franchises we own). We will have the exclusive right to maintain, operate and administer the Fund. All of our franchisees will contribute to the Fund. We will determine the amount of the advertising fee (“Advertising Fee”), but it will not be more than 1% of Gross Billings. Each Unit Franchisee’s Advertising Fee will be the same, however, we may make temporary or permanent changes based on a particular franchisee’s unique situation.

We will use the Fund for national, regional and local advertising programs that may include the use and production of print, online Internet advertising and electronic media. We may manage the activities of the Fund directly, or may use the services of advertising and public relations agencies to assist us in these activities.

We may use the Advertising Fee contributions to the Fund to meet the costs of conducting local, regional or national advertising and promotional activities (including advertising campaigns; test marketing; marketing surveys; public relations activities; developing and producing advertising and marketing materials in any media, including print and electronic; and developing and operating websites) that we consider beneficial to the System. We may charge the Fund fees at reasonable market rates for advertising, marketing and promotional services we provide.

We have no obligation to make expenditures for you that are equivalent or proportionate to your Advertising Fee contributions or to ensure that any franchisee benefits directly or pro rata from advertising

or promotion conducted with the Advertising Fee contributions. If any funds remain in the Fund at the end of the year, the funds are spent in the following year.

We will provide you with a summary of the expenditures of the Fund during the previous fiscal year annually upon your reasonable request. The Fund's financial statements are not audited.

Your Local Advertising

You are not required to conduct any local advertising. You may not use the Proprietary Marks or any similar names for any advertising or other written promotional materials or on the Internet or other electronic medium, without our prior written consent. You may not register any domain name containing the Proprietary Marks or any similar names to establish, operate or participate in a website on which these names appear.

Computer Systems

We may require you to purchase and use a business management software platform that is web-based. For example, the Master Franchisor owns a proprietary web-based system called JanHubSM that you may use to manage your customer information, invoicing, and other business management. To use the business management software platform, you do not need to purchase or use an electronic cash register or computer system. You will require a device, such as a smart phone, from which you may access the Internet.

Location of Your Franchise

You are solely responsible for selecting the site from which you operate your Franchise. Most unit franchisees operate their Franchises from their homes.

Time Between Signing the Franchise Agreement and Opening the Franchise

The typical time between signing your Franchise Agreement and opening your Franchise is about 45 days, depending on when the initial Certification Program is scheduled and completed, and the needs of the Account contract(s) you purchased.

Certification Program and Advanced Instruction

We will provide the Certification Program for up to four approved people at no additional charge, but may charge a reasonable fee for additional individuals that attend the Certification Program. You must pay for all costs that your representatives incur in attending the Certification Program, including meals, travel and salary. The Certification Program includes video, classroom and on-site expert consultation.

You must attend or cause one of your managerial personnel (satisfactory to us) to attend, and successfully complete our Certification Program and any other seminars, sessions, programs, consultations and advanced instructional modules we deem necessary or as required by a specialized customer contract that you would like to purchase. The current "Advanced Certification Modules" are: Team Cleaning; Medical Certification; Business Management; and Advanced Floor Cleaning and Carpet Cleaning.

If we determine that you or your manager have failed to attend or satisfactorily complete the Certification Program or any other instruction, we may, at your expense (including our current standard re-Certification Fee), require you (or your manager) to attend an additional Certification Program, or terminate your Franchise Agreement without further liability to you. We may conduct the initial Certification

Program and any other certification when and at locations we reasonably determine. You must attend at those times and locations.

CERTIFICATION PROGRAM

Subject	Hours of Classroom Instruction	Hours of On-The-Job Instruction	Location Where Instruction is Held
The JAN-PRO Story; Starting Your Business	3	0	Existing Office Location or Web Enabled
Customer Service; Brand Standards; Industry Best Practices	6	0	Existing Office Location or Web Enabled
Best Practices; Managing Your Employees & Your Accounts; Finance	6	0	Existing Office Location or Web Enabled
Business Owner Resources and Forms; Safety; Test and Review	4	0	Existing Office Location or Web Enabled
Total	19 Hours	0 Hours	

Your instructional materials for the Certification Program include the Brand Standards and Procedures Manual and video presentations. Initial certification is conducted at our office and/or through a web enabled conferencing tool. We schedule the initial Certification Program on an as-needed basis.

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. Your Franchise will not be only for specific Accounts. We may offer you Account contract(s) located anywhere in our Territory.

The Master Franchisor has granted us the right to grant Unit Franchises to persons who want to independently own and operate businesses that provide janitorial and related services to customers in our Territory. We grant you the right to use the System to operate a Franchise in our Territory.

We will offer you an Initial Plan, which consists of offering you Accounts for customers in our Territory. You may not provide janitorial and related services under the Proprietary Marks outside of our Territory. We grant you the nonexclusive right to use JAN-PRO Cleaning & Disinfecting™ and the other Proprietary Marks. We reserve, among other things, the right to use and grant others the right to use the Proprietary Marks.

Your Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to obtain additional Unit Franchises.


You may not use other channels of distribution, such as the Internet, telemarketing, or other direct marketing to make sales outside of the Territory under the Proprietary Marks.

Neither we, the Master Franchisor, or any of our respective affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark and that sells or will sell goods or services similar to those that you will offer.



ITEM 13 TRADEMARKS

We grant you the right to operate your Franchise under the names “JAN-PRO,” “JAN-PRO CLEANING SYSTEMS” and “JAN-PRO CLEANING SYSTEMS MEASURABLE CLEANING. GUARANTEED RESULTS.”

The Master Franchisor has registered the following Proprietary Marks on the United States Patent and Trademark Office (“USPTO”) principal register:

Mark	Registration Number	Registration Date
JAN-PRO	1,791,912	September 7, 1993
JAN-PRO TRACKER	3,336,856	November 13, 2007
JAN-PRO SIGNATURE CLEAN	3,345,781	November 27, 2007
JAN-PRO TECHNICS	3,353,962	December 11, 2007
JAN-PRO CLEANING SYSTEMS MEASURABLE CLEANING. GUARANTEED RESULTS	3,529,952	November 11, 2008
ENVIROSHIELD	3,902,223	January 4, 2011
	5,616,505	November 27, 2018
MedMetrix	4,529,294	May 13, 2014

The Master Franchisor has also applied to register the following trademarks on the Principal Register at the USPTO:

Mark	Serial Number	Filing Date	Status
	90/165,628	September 8, 2020	Pending
	90/165,745	September 8, 2020	Pending

The Master Franchisor does not have a federal registration for the Proprietary Mark above (serial numbers 90/165,628 and 90/165,745). These Proprietary Marks do not have the same legal benefits and

rights as federally registered trademarks. If our right to use these Proprietary Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

All required affidavits and renewals have been filed. There are no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There are no pending interference, opposition or cancellation proceedings, nor any pending material litigation involving the Proprietary Marks. There are no decided infringement, cancellation or opposition proceedings in which the Master Franchisor unsuccessfully fought to prevent registration of a trademark to protect the Proprietary Marks.

Agreements

The Franchise Agreement and your payment of the Royalty Fees grants you the non-exclusive right and license to operate your Unit Franchise using our Proprietary Marks. We have the right to use, and to give you the right to use, the Proprietary Marks under our Regional Franchise Development Agreement with the Master Franchisor. The effective date of our Regional Franchise Development Agreement is January 20, 2019. The Regional Franchise Development Agreement has an initial ten-year term and one ten-year renewal term. The Master Franchisor cannot terminate the Regional Franchise Development Agreement unless we default. If our Regional Franchise Development Agreement is terminated, the Master Franchisor has the right, but not the obligation, to assume our unit franchise agreements and any customer agreements. The Franchise Agreement does not provide a right to terminate if our Regional Franchise Development Agreement is terminated. Other than our Regional Franchise Development Agreement, there are no agreements that significantly limit our right to use or license the use of the Proprietary Marks in a manner material to you.

Protection of Rights

You must immediately notify us if you learn that any party is using the Proprietary Marks without our permission or is using a trademark that is confusingly similar to the Proprietary Marks. You also must immediately notify us if anyone claims that you or we do not have the right to use the Proprietary Marks. We and the Master Franchisor will determine what action, if any, we or the Master Franchisor will take against the unauthorized user or challenger. If we determine that you have used the Proprietary Marks in accordance with your Franchise Agreement and have complied with your obligations under your Franchise Agreement, we will pay to defend you, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with your Franchise Agreement, or have not otherwise complied with your obligations, such as using the Proprietary Marks to service customers outside of your Franchise Agreement, you must pay for your own defense, including the cost of any judgment or settlement.

If any litigation arises from your use of the Proprietary Marks, you must sign all documents and perform all acts we believe necessary to conduct a defense, including becoming a party to any litigation. Except to the extent that the litigation results from your use of the Proprietary Marks in breach of your Franchise Agreement, we will reimburse you for your out-of-pocket costs to perform these acts.

If at any time we believe that you should modify or discontinue the use of any of the Proprietary Marks or use one or more additional or substitute names or marks for reasons, including the rejection of any pending application for registration or revocation of any existing registration of any of the Proprietary Marks, or the superior rights of senior users, you must do so at your sole expense within 30 days after our request.

Superior Rights and Infringing Uses

Neither we nor the Master Franchisor has actual knowledge of superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in our Territory.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

No patents are material to the Franchise.

Copyrights

Various certification, management and other materials that the Master Franchisor has developed are and will be protected under the U.S. Copyright Act, whether or not the Master Franchisor has filed for registration. You may use these copyrighted materials during the term of your Franchise Agreement, in a manner consistent with the Master Franchisor's ownership rights, solely to operate your Franchise.

There are no pending copyright applications for the Master Franchisor's copyrighted materials. There are no effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the copyrighted materials that relate to their use by our franchisees.

All of the provisions in Item 13 under the headings "Agreements" and "Protection of Rights" also apply to copyrights.

We do not know of any superior rights in or any infringing uses of the Master Franchisor's copyrighted materials that could materially affect your use of the copyrighted materials in our Territory.

Proprietary Information

We have a proprietary, copyrighted Operations Manual for Unit Franchisees that we received from the Master Franchisor, and copyrighted materials that include guidelines, standards and policies for the operation of your franchised business. Item 11 describes the Operations Manual and the manner in which you may use it. All documents provided to you, including the Operations Manual, are for your exclusive use during the term of your Franchise Agreement, and may not be reproduced, lent or shown to any person outside the Jan-Pro System.

You must promptly notify us when you learn about unauthorized use of our or the Master Franchisor's proprietary or confidential information. We are not obligated to take any action and will respond to this unauthorized use as we deem appropriate. We will not indemnify you for losses you incur as a result of claims brought by a third party for your use of this information.

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

We require that you have at least one person actively involved in the management of the Franchise, who may be the owner of an entity-franchisee or a manager you have selected (or who has been selected

by the owners of an entity-franchisee). Your manager must have completed the Certification Program and other required programs to our satisfaction.

Your Manager and managerial personnel must sign our form of confidentiality and non-competition agreement.

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

You must offer for sale all approved services and products for which you have been certified and for which you have all necessary equipment. You must not deviate from our specifications for the approved services and products without our written consent, and must discontinue offering any services or products we disapprove in writing. We may change the services and products we approve or authorize. There are no limits on our right to make these changes.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Section 2.1	10 years.
b. Renewal or extension of the term	Section 2.2	You may renew your Franchise for two additional ten-year periods if you satisfy the conditions in the Franchise Agreement.
c. Requirements for you to renew or extend	Section 2.2	You must satisfy all the following conditions: (i) you notify us in writing of your intention to renew at least 6 months (and not more than 12 months) before expiration; (ii) you have complied with your obligations under the Franchise Agreement or resolved any breaches to our satisfaction; (iii) you pay all amounts due to us and our affiliates; (iv) you sign our then-current form of Franchise Agreement (which may contain materially different terms than your original contract) and ancillary documents; (v) you meet our then-current qualifications and comply with instructional requirements; (vi) you pay us a Renewal Fee; and (vii) you sign a general release.
d. Termination by you	None	You have no right to terminate the Franchise Agreement.
e. Termination by us without cause	None	We can terminate only for cause.
f. Termination by us with cause	Article 15	We can terminate your Franchise only if you default under your Franchise Agreement.

Provision	Section in Franchise or Other Agreement	Summary
g. "Cause" defined – curable defaults	Sections 15.2 and 15.3	You have 30 days after notice to cure all defaults in Section 15.3 of the Franchise Agreement. Some of the defaults in Section 15.2 of the Franchise Agreement are curable. For example, you have ten days after delivery of a Notice of Default to cure monetary defaults.
h. "Cause" defined – non-curable defaults	Sections 15.1 and 15.2	Non-curable defaults include: bankruptcy, insolvency, appointment of a receiver, and any other defaults in Section 15.1. Some of the defaults in Section 15.2 cannot be cured, such as breaching the confidentiality and non-competition covenants, misusing the Proprietary Marks, and transferring your rights in the Franchise Agreement without our consent.
i. Your obligations on termination / nonrenewal	Article 16	You must: (i) cease operations and use of the Proprietary Marks and intellectual property; (ii) return customer keys and any other means of access to customers' premises; (iii) pay all amounts due to us or our affiliates; (iv) not use any reproduction or imitation of the Proprietary Marks or the System or use or attempt to register any marks that are the same as or similar to any of the Proprietary Marks or represent an association or connection with the Master Franchisor, us, or any of our affiliates; (v) return loaned materials and Confidential Information; and (vi) cancel any assumed-name or equivalent registration involving the Proprietary Marks.
j. Assignment of contract by us	Section 18.1	No restrictions on our right to assign.
k. "Transfer" by you – defined	Section 18.2	A transfer includes selling, assigning, conveying or otherwise disposing of, voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise, your Franchise Agreement or any direct or indirect interest in the Franchise Agreement, or all or substantially all of your customer accounts. A transfer of 25% or more of voting or ownership interests, individually or in total, directly or indirectly, is considered a transfer of an interest in your Franchise Agreement. A transfer of all or substantially all of the assets used to operate your Franchise is also considered a transfer of an interest in your Franchise Agreement.
l. Our approval of your transfer	Section 18.2	You may not transfer without our consent.

Provision	Section in Franchise or Other Agreement	Summary
m. Conditions for our approval of transfer	S Section 18.4	(i) you pay all amounts due to us or our affiliates; (ii) you are not in default of your Franchise Agreement or any other agreement; (iii) you sign a general release of all claims against us, our affiliates and the Master Franchisor; (iv) the transferee signs an assumption agreement or our new form of Franchise Agreement (which may contain materially different terms than the original contract) and ancillary documents; (v) transferee's owners sign our current standard form of personal guaranty; (vi) you pay us a transfer fee; (vii) the transferee demonstrates that it has the business and personal skills, reputation, and financial capacity we require; (viii) at the transferee's expense (including our then-current Certification Fee), the transferee completes the Certification Program; and (ix) you and the transferee timely satisfy any other conditions we reasonably impose.
n. Our right of first refusal to acquire your business	None	None.
o. Our option to purchase your business	None	None.
p. Your death or disability	Sections 18.5 and 18.6	If a Covered Owner (as defined below) dies or is disabled from any cause and, as a result, for a continuous period of more than three consecutive months, is unable to perform his or her obligations under the Franchise Agreement, within 30 days a replacement satisfactory to us to perform the obligations must be hired. Within six months of the death or permanent disability of any Covered Owner, that individual's estate or representative must transfer his or her interests in the unit franchisee (or in any of the franchisee's owners) or in the Franchise Agreement. No transfer fee is due in this case. A "Covered Owner" is anyone who is an owner of the franchisee entity.
q. Non-competition covenants during the term of the franchise	Section 17.1	You may not solicit or influence: (i) any of your customers (or customers serviced in the previous 12 months) to stop being serviced in that capacity or to be serviced by you or any third party in any other manner; (ii) any of our Business Affiliates (as defined below) to terminate or modify his, her or its business relationship with us or to compete against us. You may not interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize our or any of our franchisees' businesses. A "Business Affiliate" is any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees, customers (including yours and those of our other unit franchisees), or other business contacts.

Provision	Section in Franchise or Other Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 17.1	The obligation stated in (q) above also applies for the 12-months after the expiration or termination of your Franchise Agreement.
s. Modification of the agreement	Article 12 and Sections 20.4 and 22.3	Your Franchise Agreement may not be modified without your and our consent, except: (i) we may change the contents of the Operations Manual; (ii) we may modify the System; and (iii) a court or arbitrator may modify a provision of the Franchise Agreement under applicable law.
t. Integration/merger clause	Section 22.17	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 20	Many disputes must be mediated or arbitrated in the county in which our principal office is then located.
v. Choice of forum	Section 22.10	Subject to mediation and arbitration requirements, litigation must be brought in state or federal court in the state and county where our principal office is then located.
w. Choice of law	Section 22.14	Except to the extent the Lanham Act or Federal Arbitration Act governs, the laws of the state where our principal office is located when you sign your Franchise Agreement.

Some states may have laws or court decisions that may supersede the Franchise Agreement concerning your relationship with us, including the areas of termination and renewal. A provision in your Franchise Agreement that terminates the Franchise upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101 *et seq.*

ITEM 18 PUBLIC FIGURES

We do not use public figures to promote our Franchise, but may do so in the future.

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, and/or affiliate-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.

Your Initial Franchise Fee is based on the Initial Plan you choose. The Initial Plan comprises our offering of a stated volume of Accounts for customers in our Territory. These Accounts are estimated to generate a stated amount of Account Gross Billings. For example, a FP-17 Initial Plan means \$17,000 in yearly Account Gross Billings.

The Account Gross Billings you choose for your Franchise should not, however, be considered as the actual income or profit you will realize. We do not represent, warrant or guaranty that any Accounts will be profitable, or that the Account Gross Billings that Accounts are initially estimated or represented below to generate will be the actual Gross Billings you realize from those Accounts. The yearly Account Gross Billings you actually achieve are affected by many factors such as: the Account Gross Billings being offered in installments during the stated time period; your rejecting, stopping service to or losing an Account; and the interval of time before any required replacement Account is offered. The quality of the services you perform and the efficiency with which you perform them also will affect your actual Account Gross Billings.

We reviewed our compliance with Franchise Agreements on the amount, timeliness and refund requirements for Account Gross Billings offered to our unit franchisees. We reviewed all Franchise sales made during our last completed fiscal year and determined whether, as of our last fiscal year end, Account Gross Billings had been offered in compliance with the Franchise Agreement.

During our last fiscal year ended December 31, 2022, we sold 24 unit franchises. Of those sold, as of the close of the fiscal year: (a) unit franchisees either had their Initial Plans timely filled or had accepted our performance in 24 cases; (b) we and the unit franchisee made a mutually acceptable adjustment to the Initial Plans, such as by our recalculation of the Initial Franchise Fee or an extension of time to offer Accounts or replacement Accounts, in 0 cases; (c) the time for us to offer Accounts under Initial Plans had not expired in 10 cases; (d) we did not fulfill our obligations to fulfill the Initial Plans in 0 cases; and (e) our obligation to fulfill the Initial Plans terminated in 0 cases because the Franchise Agreement was terminated.

Therefore, we complied with the amount, timeliness and account substitution requirements for Account Gross Billings offered to our unit franchisees in 100% of the cases. Substantiation of the data used in preparing these statistics will be provided upon request.

Other than this Item 19, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, report it to our management by contacting Lisa Gonzalez at 10150 West National Avenue, Ste 201, West Allis, WI 53227, Phone 414-897-0536, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

OUTLET STATISTICS FOR OUR UNIT FRANCHISEES IN THE TERRITORY

Table 1
Systemwide Outlet Summary
For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	129	143	14
	2021	143	139	-4
	2022	139	143	4
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	129	143	14
	2021	143	139	-4
	2022	139	143	4

Table 2
Transfer of Outlets from Unit Franchisees to New Owners (Other than the Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers
WISCONSIN	2020	0
	2021	0
	2022	0
Total Outlets	2020	0
	2021	0
	2022	0

Table 3
Status of Unit Franchised Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Wisconsin	2020	129	21	0	0	1	6	143
	2021	143	13	0	0	0	17	139
	2022	139	24	0	0	0	14	149
Total	2020	129	21	0	0	1	6	143
	2021	143	13	0	0	0	17	139
	2022	139	24	0	0	0	14	149
0								

Table 4
Status of Company-Owned Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Wisconsin	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table 5
Projected Openings as of
12/31/2022

State	Franchise Agreements Signed but Outlet Not Opened ⁽⁵⁾	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Wisconsin	6	24	0
Total	6	24	0

A list of the names, addresses and telephone numbers of our current franchisees is attached to this disclosure document as Exhibit D.

A list of the names, addresses and telephone numbers of our franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within ten weeks of the Issuance Date of this disclosure document, is attached as Exhibit E.

If you buy the Franchise offered in this disclosure document, your contact information may be disclosed to other buyers when you leave the System.

Confidentiality Clauses

As a standard practice, when we enter into a Termination and Release Agreement with a former franchisee, we require the former franchisee to maintain all information that the former franchisee has about us as confidential. We have entered into a Termination and Release Agreement (including the confidentiality clause) within the past three years.

Sometimes, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but know that not all franchisees can communicate with you.

Trademark-Specific Franchisee Organizations

There are no trademark-specific unit-franchisee organizations.

UNIT FRANCHISES IN THE UNITED STATES⁽⁶⁾

Table 1
Systemwide Outlet Summary
For Years September 30, 2020 to September 30, 2022

⁵ This column represents the number of unit franchise agreements signed in the previous year when the Unit Franchisee had not yet started servicing its Accounts.

⁶ The following tables are based on the most currently available information provided by our regional franchise developers as of February 2022. These figures do not include all outlet information for the states of IL, IN, KY, OH and WA.

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	7533	8010	477
	2021	8010	8602	592
	2022	8602	9076	474
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	7534	8011	477
	2021	8011	8603	592
	2022	8603	9077	474

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For Years September 30, 2020 to September 30, 2022

State	Year	Number of Transfers
Arizona	2020	4
	2021	4
	2022	5
California	2020	15
	2021	4
	2022	2
Colorado	2020	0
	2021	1
	2022	0
Florida	2020	5
	2021	10
	2022	12
Georgia	2020	9
	2021	7
	2022	6
Idaho	2020	0
	2021	0
	2022	1
Illinois	2020	0
	2021	0
	2022	2
Indiana	2020	0
	2021	2
	2022	0
Kansas	2020	1
	2021	0

State	Year	Number of Transfers
	2022	0
Kentucky	2020	0
	2021	0
	2022	2
Louisiana	2020	0
	2021	0
	2022	2
Maryland	2020	1
	2021	0
	2022	0
Massachusetts	2020	0
	2021	0
	2022	1
Michigan	2020	0
	2021	0
	2022	1
Minnesota	2020	4
	2021	
	2022	4
Mississippi	2020	0
	2021	0
	2022	1
Missouri	2020	3
	2021	3
	2022	1
Nevada	2020	1
	2021	4
	2022	2
New Jersey	2020	0
	2021	0
	2022	5
New York	2020	0
	2021	1
	2022	6
North Carolina	2020	0
	2021	4
	2022	3
Ohio	2020	0
	2021	2
	2022	1
Oklahoma	2020	3
	2021	6
	2022	4
Oregon	2020	5
	2021	1
	2022	0
Pennsylvania	2020	3

State	Year	Number of Transfers
	2021	0
	2022	1
South Carolina	2020	0
	2021	2
	2022	0
Tennessee	2020	1
	2021	0
	2022	0
Texas	2020	1
	2021	0
	2022	1
Utah	2020	0
	2021	0
	2022	1
Virginia	2020	0
	2021	1
	2022	4
Washington	2020	1
	2021	3
	2022	2
Wisconsin	2020	0
	2021	2
	2022	1
TOTALS	2020	57
	2021	61
	2022	71

Table No. 3
Status of Franchised Outlets
For Years September 30, 2020 to September 30, 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2020	76	22	0	3	0	8	87
	2021	87	24	0	2	0	15	94
	2022	94	134	0	2	0	50	178
Arizona	2020	187	20	19	0	1	10	177
	2021	177	15	10	0	1	5	176
	2022	176	39	6	4	2	14	189
Arkansas	2020	73	26	0	0	0	7	92
	2021	92	47	0	0	0	12	127
	2022	127	49	0	0	0	32	144
California	2020	800	23	25	0	14	39	745
	2021	745	30	35	0	11	17	712
	2022	712	48	22	0	1	17	720
Colorado	2020	248	31	0	0	0	22	257
	2021	257	31	0	0	0	22	266
	2022	266	42	0	1	0	24	283
Connecticut	2020	143	11	6	0	0	0	148
	2021	148	21	18	0	0	0	151
	2022	151	22	2	0	0	0	171
Delaware	2020	21	21	0	0	0	5	37
	2021	37	17	1	0	0	8	45
	2022	45	10	0	0	0	10	45
District of Columbia	2020	24	3	0	0	0	1	26
	2021	26	0	0	0	0	0	26
	2022	26	1	0	0	0	1	26
Florida	2020	682	113	2	0	4	53	736
	2021	736	199	14	8	1	69	843
	2022	843	136	17	8	3	37	914
Georgia	2020	544	188	16	9	0	105	602
	2021	602	118	15	8	0	55	642
	2022	642	112	8	8	0	53	685

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Idaho	2020	14	4	0	0	0	1	17
	2021	17	0	0	0	0	2	15
	2022	15	2	0	0	0	2	15
Illinois	2020	12	4	1	0	0	0	15
	2021	15	8	0	0	0	1	22
	2022	22	14	1	6	0	47	-18
Indiana	2020	63	29	1	0	0	8	83
	2021	83	13	11	0	0	6	79
	2022	79	15	10	1	0	2	81
Kansas	2020	31	9	0	0	0	0	40
	2021	40	5	4	0	0	3	38
	2022	38	13	1	0	0	0	50
Kentucky	2020	48	10	3	0	0	2	53
	2021	53	6	3	0	0	3	53
	2022	53	9	2	0	0	8	52
Louisiana	2020	171	74	0	0	0	33	212
	2021	212	69	0	0	0	28	253
	2022	253	37	0	0	0	36	254
Maryland	2020	189	40	4	0	0	43	182
	2021	182	22	6	0	0	5	193
	2022	193	9	1	0	0	8	193
Massachusetts	2020	31	5	1	0	0	1	34
	2021	34	59	1	0	0	8	84
	2022	84	17	1	0	0	4	96
Michigan	2020	89	75	28	0	1	5	130
	2021	130	82	26	0	0	7	179

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2022	179	80	34	0	0	1	224
Minnesota	2020	187	21	1	0	0	23	184
	2021	184	26	0	0	0	34	176
	2022	176	21	4	0	0	33	160
Mississippi	2020	120	28	2	0	0	4	142
	2021	142	31	0	0	0	18	155
	2022	155	23	0	1	0	6	171
Missouri	2020	165	37	14	0	0	19	169
	2021	169	40	14	1	0	19	175
	2022	175	28	9	1	0	18	175
Nebraska	2020	25	5	6	0	0	0	24
	2021	24	1	1	0	0	0	24
	2022	24	2	2	0	0	0	24
Nevada	2020	132	17	10	1	0	0	138
	2021	138	27	11	2	1	0	151
	2022	151	20	8	3	2	0	158
New Hampshire	2020	34	4	0	0	0	0	38
	2021	38	5	0	0	2	0	41
	2022	41	5	0	0	1	0	45
New Jersey	2020	355	66	2	2	1	56	340
	2021	340	60	7	1	0	14	378
	2022	378	65	4	2	2	57	378
New York	2020	298	43	14	0	0	16	311
	2021	311	54	16	0	0	18	331
	2022	331	115	36	0	0	3	407
North Carolina	2020	462	67	18	8	0	18	485

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2021	485	75	7	9	0	9	535
	2022	535	41	4	7	0	48	517
Ohio	2020	220	48	20	0	0	18	230
	2021	230	52	19	0	0	19	244
	2022	244	55	18	1	0	40	240
Oklahoma	2020	184	40	7	0	2	26	189
	2021	189	37	13	1	2	18	192
	2022	192	28	12	0	0	17	191
Oregon	2020	148	18	14	0	0	0	152
	2021	152	16	35	0	0	0	133
	2022	133	30	24	0	0	0	139
Pennsylvania	2020	277	90	0	5	0	29	333
	2021	333	70	6	0	0	43	354
	2022	354	36	6	1	0	49	334
Rhode Island	2020	31	2	0	0	0	6	27
	2021	27	9	0	0	0	1	35
	2022	35	2	1	0	0	2	34
South Carolina	2020	269	63	25	7	0	3	297
	2021	297	46	11	5	0	4	323
	2022	323	36	9	3	0	8	339
Tennessee	2020	265	67	16	0	0	36	280
	2021	280	67	13	0	0	29	305
	2022	305	58	22	7	0	29	305
Texas	2020	381	84	4	10	5	30	416
	2021	416	80	5	7	4	22	458
	2022	458	111	11	12	8	18	520

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Utah	2020	64	17	0	0	0	5	76
	2021	76	20	0	0	0	9	87
	2022	87	14	0	0	0	8	93
Virginia	2020	225	31	4	0	0	29	223
	2021	223	26	1	2	0	15	231
	2022	231	28	0	0	0	25	234
Washington	2020	123	10	10	2	0	5	116
	2021	116	6	16	1	0	3	102
	2022	102	26	7	3	0	22	96
Wisconsin	2020	142	35	3	0	1	6	167
	2021	167	25	1	0	0	17	174
	2022	174	59	19	0	0	0	214
TOTAL	2020	7533	1501	276	47	29	672	8010
	2021	8010	1539	320	47	22	558	8602
	2022	8602	1592	301	69	19	729	9076

Table No. 4
Status of Company-Owned Outlets
For Years September 30, 2020 to September 30, 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Connecticut	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

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

Table No. 5
Projected Openings as of
September 30, 2022 for September 30, 2023

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
Alabama	1	2	0
Arizona	2	55	0
Arkansas	0	40	0
California	2	69	0
Colorado	4	45	0
Connecticut	0	30	0
Delaware	4	15	0
District of Columbia	2	5	0
Florida	19	132	0
Georgia	0	129	0
Hawaii	0	0	0
Idaho	0	2	0
Illinois	26	45	0
Indiana	3	24	0
Iowa	0	0	0
Kansas	1	12	0
Kentucky	1	15	0
Louisiana	19	40	0
Maine	0	0	0
Maryland	6	35	0
Massachusetts	0	20	0

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
Michigan	20	75	0
Minnesota	8	24	0
Mississippi	2	29	0
Missouri	6	43	0
Montana	0	0	0
Nebraska	2	10	0
Nevada	5	30	0
New Hampshire	0	6	0
New Jersey	10	60	0
New Mexico	0	0	0
New York	0	29	0
North Carolina	14	72	0
North Dakota	0	0	0
Ohio	3	93	0
Oklahoma	0	30	0
Oregon	6	30	0
Pennsylvania	8	83	0
Puerto Rico	0	0	0
Rhode Island	1	6	0
South Carolina	8	65	0
South Dakota	0	0	0
Tennessee	3	80	0
Texas	5	120	0
Utah	5	20	0
Vermont	0	0	0
Virginia	11	37	0
Washington	3	10	0
West Virginia	0	0	0
Wisconsin	6	61	0

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
Wyoming	0	0	0
TOTAL	216	1728	0

**ITEM 21
FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit C are our audited financial statements for our fiscal years ended December 31, 2019, December 31, 2020, and December 31, 2021. Our fiscal year end is December 31, 2022.

Also attached as Exhibit C are the Master Franchisor's unaudited interim financial statements as of December 31, 2021 and audited financial statements for the Master Franchisor's fiscal years ending September 30, 2019, September 30, 2020 and September 30, 2021.

**ITEM 22
CONTRACTS**

The Franchise Agreement is attached to this disclosure document as Exhibit A. The Franchise Agreement includes the following exhibits:

- Exhibit A Promissory Note
- Exhibit B Independent Business Acknowledgment

**ITEM 23
RECEIPTS**

The last two pages of this disclosure document (following the exhibits and attachments) is a receipt for you to acknowledge that you received a copy of this disclosure document (one copy for you and one to be signed and returned to us).

Exhibit A to the Franchise Disclosure Document

FRANCHISE AGREEMENT



UNIT FRANCHISE AGREEMENT

with

[INSERT FRANCHISEE'S NAME]

Date: _____

Territory: _____

SUMMARY PAGE

1. Effective Date: _____
2. Franchisee's Name: _____
3. Franchisee's Type of Entity (corporation, limited liability company) and State of Organization or residency:

4. Ownership of Franchisee:

If Franchisee is an Entity, the following persons are all of the owners of a legal and/or beneficial interest in Franchisee:

<u>Name</u>	<u>Percentage Ownership</u>
_____	_____
_____	_____

5. Territory (See Section 1.1):

6. Initial Plan (See Section 1.2). We must offer you Initial Plan Accounts estimated to generate \$_____ of annual Account Gross Billings. Account Gross Billings must be offered to you within _____ business days after the Start Date. This is called your "Initial Plan."

7. Initial Franchise Fee (See Section 3.1): The Initial Franchise Fee is \$_____. You will pay \$_____ by certified or cashier's check; and \$_____ under the terms of the attached Promissory Note.
8. Business Protection Program (See Section 14.4). You elect to participate in the Business Protection Program. The current cost of this insurance is \$_____. We may raise this cost to cover increased costs in premiums or in administering the Program. We may discontinue this program on prior written notice to you.
9. Advance Assurance Fee (See Section 7.5). You elect to participate in the Advance Assurance Program. You will pay an additional fee of 2% of monthly Gross Billings for the Term or until we discontinue the Advance Assurance Program.

10. Addresses for Notices (See Section 22.5):
Ours:

Jan-Pro Franchise Development of Milwaukee
10150 West National Avenue, Ste 201
West Allis, WI 5327

Yours:

Initials: _____ (Us)

Initials: _____ (You)

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EXHIBITS:

Exhibit A	Promissory Note
Exhibit B	Independent Business Acknowledgment

UNIT FRANCHISE AGREEMENT

This Unit Franchise Agreement (the "Agreement") is made as of the effective date stated on the Summary Page ("Effective Date") between R.E.JOHNSEN,LLC doing business as Jan-Pro Franchise Development of Milwaukee, a Wisconsin LLC ("we," "us" or "our") and the person or corporation, partnership or limited liability company (an "Entity") identified on the Summary Page as Franchisee ("you" or "your").

A. We are the Regional Franchise Developer under a Regional Franchise Development Agreement with Jan-Pro Franchising International, Inc. ("JPI") within the territory identified on the Summary Page ("Territory").

B. We grant and support unit franchises for independent businesses that offer janitorial and related services (the "Franchise") under the Jan-Pro Cleaning & Disinfecting system of brand specifications and operating procedures (the "System"), and the service mark JAN-PRO CLEANING & DISINFECTING™ (the "Proprietary Marks"). The System and Manuals do not include any employment policies, procedures or samples that we make available for your optional use.

C. You want to purchase a Franchise from us to operate your business under the System and the Proprietary Marks.

D. We accept you as a franchisee under the terms of this Agreement.

You and we agree:

1. GRANT OF FRANCHISE

1.1. We grant you a Franchise to use the System and the Proprietary Marks under the terms of this Agreement. Your Franchise will provide janitorial and related services for one or more customer accounts ("Accounts") in the Territory. Accounts include Additional Accounts as defined in Section 4.1, Supplemental Accounts as defined in Section 5.1.1, and Negotiated Contracts as defined in Section 5.2.1. You agree to operate your Franchise under this Agreement. You agree that you will not perform janitorial and related services under the Proprietary Marks either outside of the Territory or outside of this Agreement.

1.2. For your Initial Plan identified on the Summary Page, you have contracted with us for the purchase of one or more Accounts for customers in the Territory ("Initial Plan Accounts") that are estimated to generate the Account Gross Billings (as defined below in this Section) that are stated on the Summary Page. We will offer these Initial Plan Accounts within the number of business days stated on the Summary Page after the Start Date (as defined below in this Article) to fulfill your purchase of Accounts as part of your Initial Plan.

1.2.1. "Account Gross Billings" are the total estimated annual service revenues from any Account or Accounts we offer to you.

1.2.2. The "Start Date" is the date on which you have: (a) obtained all licenses and permits required by law to operate your Franchise; (b) obtained your initial equipment and supplies; (c) obtained the required insurance (described in Article 14); (d) successfully completed our Certification Program (defined in Section 7.1); (e) created a business entity as required by this Agreement; (f) assigned this Agreement to that business entity (and each owner of the business entity has signed

the Guaranty agreement); and (g) fulfilled any other reasonable conditions that we require. We will not offer you Accounts until you complete these items.

1.2.3. We may extend the time within which we must offer the Initial Plan if:

1.2.3.1. any of your Accounts cancels due to your Misconduct (as defined below). We may require you to prove that you understand the brand standards which are set forth in the System's procedures and requirements, either by completing our workshop or by other reasonable means. In this case, the time for us to offer the Initial Plan is extended until you prove your understanding to our satisfaction.

1.2.3.2. you default under any term of this Agreement or any other agreement with us. In this case, the time for us to offer the Initial Plan is extended until you cure your defaults to our reasonable satisfaction.

“Misconduct” means any conduct by you or your employees or contractors that damages the goodwill of the brand, including, but not limited to: faulty workmanship, fraud, theft, dishonesty, providing services in a manner reasonably unsatisfactory to one or more of your customers, engaging in unlawful activity on a customer's premises, bringing non-employees (or non-contractors) onto your customers' premises (such as children), or otherwise defaulting under this Agreement or the service contract with your customer.

We do not represent or guaranty that any Accounts will be profitable or that the Account Gross Billings initially estimated will be the actual Account Gross Billings you receive. You agree that the profitability of your Franchise depends on many factors, such as the efficiency and skill of your workforce and your business ability to manage your expenses and day-to-day operations.

1.3. When you accept an Account, you own that Account. Your Accounts remain your property unless repossessed or transferred as provided in this Agreement or by operation of the terms of the Account contract. You may review each Account offered and choose whether you want that Account. You may reject any Account or stop servicing any Account. If you reject an Account offered under your Initial Plan, or stop servicing an Account offered under your Initial Plan due to your customer's nonpayment, we will replace the value of that Account, but not necessarily within the original time period under your Initial Plan. In this case, we will replace the value of that Account within a reasonable time period.

1.4. If, within the first year after you accept an Account, the Account is terminated for other than your documented Misconduct, or if you stop servicing your customer due to the customer's nonpayment (a “Terminated Account”), we will not refund the Initial Franchise Fee (as defined below in Section 3) you paid, but we will, within a reasonable time period, offer a replacement Account(s) as follows:

1.4.1. We can offer replacement Accounts that are equal to, or more than, the full Account Gross Billings of the Terminated Account. In this case, our replacement obligation ends at 12 months from *the Terminated Account's start date*; or

1.4.2. We can offer replacement Accounts that are equal to, or more than, the remaining Account Gross Billings of the Terminated Account. In this case, our replacement obligation ends 12 months from the *replacement Account start date*.

If an Initial Plan Account has Account Gross Billings that are greater than the amount required to be offered under the Initial Plan, or a replacement Account offered under Section 1.4 has Account Gross Billings that are greater than the Terminated Account, you must pay us a Sales and Marketing Fee (as defined below in Article 4) for the excess value as provided in Article 4.

- 1.5. If your customer terminates your services at any time after one year from the date you begin providing services for that Account, we are not obligated to replace that Account for any reason.

2. INITIAL AND RENEWAL TERMS

Term of Agreement: This Agreement is a(n):

- Initial Term
- Renewal Term No. ____

- 2.1. The initial term of this Agreement (the “Initial Term”) expires ten years after the Effective Date. “Term” means the Initial Term and any Renewal Term.

- 2.2. You may renew your franchise two times for ten years each (each, a “Renewal Term”). You may do so only by satisfying all of the following conditions:

- 2.2.1. you deliver written notice to us at least six months, but not more than 12 months, before the Term expires;
- 2.2.2. you have been in compliance with this Agreement, the Operation Manual (as defined in Section 12.1) and all other agreements between you and us or our affiliates, or if any defaults have occurred, the defaults have been resolved to our satisfaction;
- 2.2.3. you make all payments you owe to us and our affiliates (including under any promissory note or other indebtedness);
- 2.2.4. you sign our new form of unit franchise agreement and all related agreements for the Renewal Term, and this new unit franchise agreement may have materially different terms and conditions, such as a greater Royalty Fee (as defined below in Article 5), Support Fee (as defined below in Article 5), Advertising Fee (as defined below in Article 5), Administrative Fee (as defined below in Article 5), and Negotiation Fee (as defined below in Article 5), etc. from this Agreement;
- 2.2.5. you meet our then-current requirements for new franchisees, and you attend, or one of your officers or managerial personnel attend, any required orientation, workshop, or similar class;
- 2.2.6. you pay us a Renewal Fee of \$750 (the “Renewal Fee”) prior to the start of the Renewal Term; and
- 2.2.7. you sign a general release (in form and substance satisfactory to us and JPI) of all claims against us, our affiliates, and JPI, its affiliates, and our and their respective officers, directors, owners, agents and employees.

2.3. At the end of the second Renewal Term, this Agreement expires. We may elect to offer a five-year renewal upon expiration of this Agreement, subject to the renewal requirements set forth in Section 2.2. In addition, we may elect to offer a successor franchise agreement. The successor franchise agreement is not a renewal and may (and probably will) differ materially from this Agreement in financial and other ways and terms. The successor term will be a five-year term, with the ability to elect up to two renewal terms of five years each, subject to the renewal requirements set forth in Section 2.2.

3. INITIAL FRANCHISE FEE

3.1. When you sign this Agreement, you must pay us the initial franchise fee stated on the Summary Page (the "Initial Franchise Fee"). If any portion of the Initial Franchise Fee is financed, you must sign a promissory note (the "Promissory Note") and all of your owners must sign a Guaranty (the "Guaranty").

3.2. Except as provided in this Section, the Initial Franchise Fee is nonrefundable. If we don't offer you Accounts with Account Gross Billings required by Section 1.2 within the time provided, we will reduce your Initial Franchise Fee by an amount equal to the "Adjustment Amount." We will apply the Adjustment Amount first to reduce any amounts you owe us (including under a Promissory Note) and any remaining amount will be refunded to you. The "Adjustment Amount" is the difference between the amount of your Initial Franchise Fee and the amount of the Initial Franchise Fee for the Accounts we actually offered. If the Initial Plan we offered differs from a standard Initial Plan we offer, we will use a marginal rate calculation to determine that Initial Franchise Fee. We will deduct all amounts you owe us (including under a Promissory Note) from any refund.

4. ADDITIONAL CUSTOMER ACCOUNTS AND BILLING INCREASES

4.1. We provide sales and marketing services for you on a commission basis for any Additional Accounts offered to you as set forth in this Article. We may offer Additional Accounts (not included in the Initial Plan) to you ("Additional Accounts"). You may review any proposed Additional Account and determine whether you want to accept it. If you want to accept the Additional Account, you must pay us a sales and marketing commission/fee (the "Sales and Marketing Fee") for the value of the services we provide in the acquisition and negotiation of the Account on your behalf. When you accept an Additional Account, you own that Additional Account. Your Additional Accounts remain your property unless repossessed or transferred as provided in this Agreement or by operation of the terms of the Account contract. A customer may also increase their billing rate, these billing rate increases require you to pay the sales and marketing fees on the business increase amount.

4.2. The Sales and Marketing Fee for an Additional Account is determined by your Annualized Billings. "Annualized Billings" means 12 times your Gross Billings (as defined below in Section 5) for the month prior to the month in which you are acquiring the Additional Account.

4.2.1. If your Annualized Billings are less than \$50,000, the Sales and Marketing Fee is 4 times the Additional Account's monthly Account Gross Billings.

4.2.2. If your Annualized Billings are \$50,000 or more, the Sales and Marketing Fee is 3.2 times the Additional Account's monthly Account Gross Billings.

- 4.3. You must pay us the Sales and Marketing Fee under any method below you choose:
- 4.3.1. You may pay the entire Sales and Marketing Fee in cash and receive a 10% discount on the Sales and Marketing Fee.
- 4.3.2. You may pay the Sales and Marketing Fee in four or fewer consecutive equal monthly installments with our reduction of those installments (in addition to any other amounts you then owe us) from the next four or fewer payments we collect for you from all of your Accounts. If the next four collected payments do not satisfy the Sales and Marketing Fee (and the other amounts), we may either require you to pay the balance due on demand or deduct the balance due from amounts we later collect from your Accounts.
- 4.3.3. You may finance the Sales and Marketing Fee by making a down payment and financing the balance of the Sales and Marketing Fee. Under this loan option, you must sign a Promissory Note and all of your beneficial and legal owners must sign a Guaranty.
- 4.4. If any Additional Accounts become Terminated Accounts during the Replacement Obligation Period (as defined below) for any reason other than your documented Misconduct, we will replace the Terminated Account with an Additional Account(s) within a reasonable time period.
- 4.4.1. The “Replacement Obligation Period” is 12 months from when you start providing services for the Additional Account if you paid the Sales and Marketing Fee under Sections 4.3.1, 4.3.2 or 4.3.3.
- 4.4.1.1. If we offer replacement Accounts that are equal to, or more than, the full Account Gross Billings of the Terminated Account, the Replacement Obligation Period continues to run from the *Terminated Account’s start date*; or
- 4.4.1.2. If we offer replacement Accounts that are equal to, or more than, the remaining Account Gross Billings of the Terminated Account, the Replacement Obligation Period begins again from the *replacement Account’s start date*.
- 4.4.2. If any replacement Account offered under this Article becomes a Terminated Account during the Replacement Obligation Period, we will offer to replace the Terminated Account by offering Account(s) for the remaining obligation period consistent with this Article.
- 4.4.3. If an Additional Account is terminated after the Replacement Obligation Period expires, we are not required to replace it for any reason.

5. CONTINUING FEES

- 5.1. You must pay us the following monthly, nonrefundable fees throughout the Initial Term:
- 5.1.1. a royalty fee of 10% of your Gross Billings for the previous month (the “Royalty Fee”). “Gross Billings” means the total revenues due from each Account (including Additional Accounts, Supplemental Accounts (as defined below) and

Negotiated Contracts (as defined below in Section 5.2.1) for all services you provide under the Proprietary Marks during a calendar month. “Supplemental Accounts” are customer accounts we have not offered to you, or that you procured without our assistance, but that you are servicing under the Proprietary Marks. The Supplemental Accounts will remain your property unless transferred under this Agreement or by operation of the terms of the Supplemental Account contract.

- 5.1.2. a support fee of 5% of your Gross Billings for the previous month (the “Support Fee”).
 - 5.1.3. an additional administrative fee (the “Administrative Fee”) of 10% of Gross Billings for Special Services (as defined below) (“Special Services Billings”) for the previous month. “Special Services” are special or isolated cleaning services performed under one-time, short-term and/or nonrecurring contract(s) that you accept. These services may include, for example, carpet cleaning and extraction, floor stripping and refinishing, disinfection services, or initial cleaning. Amounts due from your customers for Special Services are included in Gross Billings; however, they are separately reported and invoiced.
 - 5.1.4. a contribution (“Advertising Fee”) to the advertising fund (the “Fund”) in an amount we periodically determine in our sole discretion; provided, however, we will not require Advertising Fees that exceed 1% of Gross Billings.
- 5.2. You must pay us the following nonrefundable fees, as incurred, throughout the Initial Term:
- 5.2.1. You may purchase bidding and negotiation assistance services relating to a cleaning service contract (a “Negotiated Contract”) from us. You must pay us a negotiation fee (the “Negotiation Fee”) equal to the first month’s Gross Billings for each Negotiated Contract (in lieu of a Sales and Marketing Fee). You must pay the Negotiation Fee in three equal installments, the first of which is due when the first payment under the Negotiated Contract is received. The Negotiated Contract(s) remain your property unless repossessed or transferred under this Agreement or by operation of the terms of the Negotiated Contract. Since a Sales and Marketing Fee is not paid on a Negotiated Contract, we have no obligation to replace a Negotiated Contract.
 - 5.2.2. You must pay us a \$50 Resolution Assistance Fee (the “Resolution Assistance Fee”) for each Complaint (as defined below) to compensate us for our administrative cost of responding to the Complaint to prevent loss of goodwill of the Proprietary Marks. A “Complaint” is a customer complaint to which you did not respond within the time stated in that customer’s service contract with you or the Jan-Pro Cleaning & Disinfecting customer warranty or service programs. If we must find another service provider to correct your customer’s Complaint, you also must pay us a service fee (the “Service Fee”) to reimburse us for the cost of the other service provider to perform the services, plus a fee of 20% of the cost for our administrative services.
 - 5.2.3. You must pay us a monthly National Account (as defined below) support fee of 1% of Gross Billings from National Accounts for the previous month (the “National Account Support Fee”). This fee is in addition to the Royalty Fee due

on Gross Billings from National Accounts. A "National Account" is a national or regional account referred from JPI's affiliate.

- 5.3. You may not deduct any amount (whether for reduction, setoff, defense or counterclaim) from any payment you owe to us.
- 5.4. We may set off and/or apply any payments you make in any way we choose, including to any past due indebtedness you owe to us.
- 5.5. If you are late with any payment you owe to us, we will charge you interest at the lesser of: (i) 18% per annum; or (ii) the maximum rate allowed by applicable law (the "Contract Interest Rate"). You must pay us this interest on demand. Interest accrues from the due date until the amount is paid in full.

6. SECURITY AGREEMENT

As security for all of your monetary and other obligations to us or our affiliates under this Agreement or any other agreement (including under any Promissory Note you sign), you grant to us (and to JPI for indemnity obligations of which JPI is a third-party beneficiary under this Agreement) a first-priority security interest in all of your assets used in your franchised business. These assets include all equipment, inventory, agreements, contracts, your Accounts, your accounts receivable, and all other property you now own or later acquire, used in your franchised business. You must sign all documents necessary to prove the security interests granted in this Agreement.

7. OUR BUSINESS AND MANAGEMENT SERVICES

- 7.1. To maintain the uniformity of the System and protect the integrity of the Proprietary Marks, you must operate your Franchise according to the System's policies, procedures and operational standards. We will provide you with a comprehensive initial certification program on the Jan-Pro Cleaning & Disinfecting brand standards (the "Certification Program"). We will provide this program for up to four approved people without charge. We may charge a reasonable fee for additional individuals that attend the Certification Program. The Certification Program includes video, classroom and on-site expert consultation. You may request our additional assistance, which we may provide if we can reasonably accommodate your request. We may introduce new methods and materials through personal consultation, group seminars, advanced Certification Program modules, and other programs. There is no cost to you for personal consultations and group seminars or for mandatory additional instruction. We may consult with you on business and operational problems and help you analyze your revenues and financial data.
- 7.2. Pursuant to this Agreement, you hereby purchase from us billing and payment processing services for your Accounts. We will invoice your Accounts monthly, unless your customer requests an alternate arrangement. We will use commercially reasonable efforts to collect the payments due on Accounts and may engage collection agencies, attorneys, file litigation, or take any other actions we consider appropriate to collect and enforce payment from Accounts. From the amount we collect, we will deduct and pay ourselves the fees due under this Agreement, Collection Costs (as defined below), and any other amount you owe us under this Agreement or any other agreement (including payments due under any Promissory Note). "Collection Costs" means our out-of-pocket costs (including legal fees, attorneys' fees and paralegals' fees, court costs, and all other expenses) incurred to collect and enforce payments due under Accounts.

- 7.3. On the last business day of each month, we will pay you the net amount invoiced to your recurring Accounts for the previous month (after deducting the amounts described in the previous Section), even if your customer has not made payment yet. We will include payment for your net amount invoiced for your Special Services Billings only after your customer has made payment. We also will provide you with a monthly report showing the amounts invoiced to each Account, and a full list of the amounts and types of deductions.
- 7.4. If your customers have not made payment, our payments to you under Section 7.3 are considered advances (“Advances”). If, after 90 days from the date an Account is invoiced, we have not collected the entire amount due from that Account, you must repay us the uncollected Advances plus our related fees. We will not charge interest on Advances, unless you fail to repay them under this Section, in which case interest accrues at the Contract Interest Rate from the date you must repay the Advance until paid. We will not make Advances to you for your Special Services Billings. We are not obligated to make Advances for any Account that we believe is a bad risk or for deductions taken by your customer related to claims they may have against you. In this case, we will notify you, and if you choose to continue servicing that Account, we will pay you for that Account only after payment has been made for services rendered.
- 7.5. We may offer you the option to pay us an Advance Assurance Fee (as defined below). If you pay this fee, you will not repay us for any Advances under Section 7.4 (the “Advance Assurance Program”). If you exercise this option, you will pay the Advance Assurance Fee for the remainder of the Term, or until we discontinue the Advance Assurance Program. We may discontinue the Advance Assurance Program by providing you with written notice 30 days prior to the last day the Advance Assurance Program is in effect. In this event, coverage will apply to all amounts on which an Advance Assurance Fee was paid. The “Advance Assurance Fee” is 2% of monthly Gross Billings. The Advance Assurance Program does not apply to exclusions from Advances set forth in Section 7.4.
- 7.6. We reserve the right to implement and administer an advertising fund for the purpose of promoting the System. The Fund is for the benefit of all franchisees. We have the exclusive right to maintain, operate and administer the Fund. “Advertising Fees” as used in this Section refers to those contributions you make under Section 5.1.4, and you are not conferred any rights or benefits under this Agreement regarding the amounts paid into the Fund by other franchisees and other parties.
- 7.6.1. We will deposit Advertising Fees into the Fund. We may use the Advertising Fees to meet the costs of conducting local, regional or national advertising and promotional activities (including advertising campaigns; test marketing; marketing surveys; public relations activities; developing and producing advertising and marketing materials in any media, including print and electronic; and developing and operating websites) that we consider beneficial to the System. We may charge the Fund fees at reasonable market rates for advertising, marketing and promotional services that our employees provide in lieu of engaging third-party agencies to provide these services.
- 7.6.2. In our sole discretion, we may make, or refrain from making, any expenditures for advertising and promotional activities. Without limiting the generality of the foregoing, in any calendar year, we may spend more or less than that year's aggregate Advertising Fees to the Fund. We may have the Fund borrow from us or other lenders to cover any Fund deficits. We may have the Fund invest any surplus for the Fund's future use. Before the Fund's other assets may be spent, any

interest earned on Advertising Fees must pay costs directly related to the Fund's advertising efforts.

- 7.6.3. We retain sole discretion over the concepts and materials and all other matters relating to advertising, public relations, marketing, market research, and promotional campaigns. The Advertising Fees are intended to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System as a whole. In administering the Fund, we are not required to make expenditures for you that are equivalent or proportionate to your Advertising Fees or to ensure that any franchisee benefits directly or pro rata from advertising or promotion conducted with the Advertising Fees.
- 7.6.4. The Advertising Fees are not our asset. With respect to maintaining, operating or administering the Fund, we are not a trustee or fiduciary and, except as provided in this Article, we assume no other direct or indirect liability or obligation to you.
- 7.6.5. At any time, we may stop collecting and disbursing Advertising Fees and terminate the Fund. If we do so, we must disburse the remaining funds for the purposes authorized under this Agreement.
- 7.7. We will assist you in maintaining good relations with your customers. However, you remain responsible for finding your replacement if you cannot service your customers. If you cannot service one or more of your customers due to adverse circumstances, you may ask us to assist you by locating a substitute service provider to service your customer. If we do this, you will be deemed to have directed us to divert any revenue you would have received for these services to the substitute service provider and you will not receive payments for the services the substitute service provider performed. In addition to the payment of the alternate service provider at their standard service rates that we make on your behalf, we may charge you a fee of 20% of the cost for our administrative services. You will not receive a refund of any fees previously paid to us for these services.
- 7.8. You, as an independent operator of your Franchise, must and do control your day-to-day business activities and make strategic, operational and other business decisions as you see fit, as long as you comply with this Agreement and act in a way consistent with the System and in a manner that preserves the integrity of the Proprietary Marks in order to protect the goodwill of the brand. You have discretion over aspects of your franchised business, such as:
 - 7.8.1. staffing decisions, supervision and other issues related to your staff;
 - 7.8.2. scheduling (however, you should confer with your customers about their preferences about this);
 - 7.8.3. which Accounts you wish to accept; own, and service; and
 - 7.8.4. your strategy and method of business expansion, and negotiation and acquisition of Additional Accounts or Supplemental Accounts.

8. OPERATING STANDARDS

- 8.1. You acknowledge that the goodwill associated with the Proprietary Marks and the success of franchises in the System depends on a consistently high standard of excellence in cleaning, maintenance, disinfection, sanitization (commercial and residential) services,

customer service, and uniform practices across Franchises. You desire to benefit from this goodwill and the industry expertise inherent in the System's methods and practices. Therefore, you must attend, or at least one of your managerial personnel (satisfactory to us), must attend and successfully complete the Certification Program and any other seminars, sessions, programs, consultations and advanced instructional modules we deem necessary. If we, in our sole judgment, determine that you have failed to adequately familiarize yourself with the System, including your satisfactory participation in the Certification Program and other required instruction on the System and its methods, we may, at your expense (including our then standard consultation or Certification Fees), require you to retake the Certification Program, or we may terminate this Agreement. We will conduct all of these programs and seminars at the times and locations we reasonably determine.

- 8.2. You have the sole responsibility to hire and maintain your staff of qualified and competent employees. You are solely responsible for all of your hiring decisions and for all obligations arising from your relationship with your employees, even if you use sample employment policies, procedures or examples that we make available for your optional use. You must obtain background checks meeting the Jan-Pro Cleaning & Disinfecting specifications before allowing any employee on any of your customer's premises. You also must obtain from each of your employees a signed statement in which the employee acknowledges that you are their employer, not us or JPI. You must devote your best efforts to managing and operating your Franchise to protect the goodwill associated with the Proprietary Marks.
- 8.3. You are responsible for keeping your agreed schedule with your customers, notifying your customers before any scheduled services you will miss, and scheduling a substitute cleaning service if your customer requests, in order to protect the goodwill of the brand.
- 8.4. You are responsible for all keys and other methods of access to your customers' premises and for exercising reasonable security procedures and observing all security procedures that your customers require.
- 8.5. To ensure that you deliver high quality cleaning, maintenance, disinfection, sanitization (commercial and residential), and other services in a manner consistent with the goodwill associated with the Proprietary Marks, you must purchase or lease equipment, chemicals, supplies, inventory, and any other products and services used to operate the Franchise only under our written specifications. We may alter these specifications in writing.
 - 8.5.1. You must, before the Start Date, purchase the initial equipment and supplies (the "Initial Equipment Package") we require to conduct your Franchise and serve your Accounts according to the System and at the high level of quality necessary to protect the Proprietary Marks. You must purchase your Initial Equipment Package from us or a third party within a reasonable time after you complete the Certification Program.
 - 8.5.2. You must, at your expense, thereafter replace equipment and supplies as needed.
- 8.6. If you propose to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier or manufacturer, or that does not comply with our specifications, you must submit to us a written request for our approval, or request the proposed supplier or manufacturer to do so. As a condition of our approval, which we may grant or withhold or revoke in our sole discretion, we may require that our representatives

be permitted to inspect the proposed supplier's or manufacturer's facilities, and that samples from the supplier or manufacturer be delivered, at our option, either to us or to an independent certified laboratory we designate for testing. In the case of products involving new specifications, we may also require that samples of the products be delivered either to us or to an independent certified laboratory we designate for testing. We are not liable for damage to any sample that may result from the testing process. You must pay a fee not to exceed the reasonable cost of the inspection and the actual cost of the testing. We may, at our option, re-inspect any approved supplier's facilities and products and continue to sample the products at the supplier's or manufacturer's expense, and revoke approval if the supplier or manufacturer fails to continue to meet our specifications. We may require as a condition of our approval, that the supplier or manufacturer present satisfactory evidence of insurance, such as product liability insurance, protecting us and our franchisees against all claims arising from the use of the supplied item(s) within the System.

- 8.7. You must comply with all federal, state and local laws and regulations that apply to your Franchise (such as OSHA and employment laws), and maintain all permits, licenses or certificates needed to operate your Franchise. You have two days following receipt to forward to us any inspection reports, warnings or ratings that any governmental agency issues that indicate that you did not comply with a law or regulation.
- 8.8. You represent and warrant that you are either a corporation or limited liability company, duly incorporated or formed, validly existing and in good standing under local law. You must remain a corporation or limited liability company, as applicable, in good standing under local law for the entire Term of this Agreement. Prior to beginning operation, you must: (i) obtain a valid federal employer identification number for your business entity; and (ii) deliver proof of a valid and active business checking account with a reputable banking institution in your franchised business's entity name.
- 8.9. You are an independently-owned and operated business and may manage your Franchise and its day-to-day operations as you determine, as long as you comply with this Agreement. You must have at least one person actively involved in the management of your Franchise. This person must be the manager you select. This person must have successfully completed the Certification Program and other required programs.
- 8.10. As a condition of providing services under the Proprietary Marks and to comply with brand standards regarding service offerings, you must offer for sale all approved services and products for which you have been certified and for which you have all necessary equipment. You may not provide any services or products under the Proprietary Marks that we have not approved (or for which we have revoked our approval). You must comply with all System customer warranty programs and customer service programs we maintain.

9. CUSTOMER SERVICE STANDARDS

- 9.1. You must, at your expense, provide all labor, materials, tools, supplies and equipment to service your customers. You must perform all services in a good and workmanlike manner in compliance with the high standards associated with the Proprietary Marks.
- 9.2. Your ownership of an Account will immediately be repossessed, or immediately transfers to a designated provider if any of the following occurs:
 - 9.2.1. any documented Misconduct occurs involving the Account;

- 9.2.2. we receive your customer's written request that its Account be transferred to a different franchisee;
- 9.2.3. you sell cleaning or similar supplies to your customer outside of this Agreement, service your customer in a capacity other than as our System franchisee (except as permitted under this Agreement), or fail to notify us of all services performed for your customer as required in this Agreement; or
- 9.2.4. this Agreement is terminated, you violate this Agreement or any other agreement with us, you cease being our franchisee, or otherwise no longer want to service your customer.

If you believe that an Account was repossessed or transferred unfairly, you may submit to us a written request that we consider special circumstances. We will consider your request in good faith. You will not receive a refund or reduction of any fees already paid for a revoked Account.

10. ACCOUNTING AND RECORDS

- 10.1. You must maintain complete and accurate books and records for your Franchise's operations. These books and records must contain only information relating to your Franchise. Your books and records must be kept for at least three years (including after this Agreement expires or is terminated) from the dates they were prepared.
- 10.2. By the 10th day of each month, you must submit to us accurate records reflecting the previous month's entire Gross Billings and all other information we require. These records must be on our form. You will provide us with copies of your federal and state income tax returns relating to your Franchise's operations and your personal income tax returns (and hereby waive, to the extent not prohibited by applicable law, any right to object to disclosure of any tax returns) if we request. The financial statements and other periodic reports you must provide to us under this Agreement must segregate the Franchise's operations income and related expenses from those of any other business you conduct.
- 10.3. Before you may begin operating your franchised business, you must deliver to us the items described below:
 - 10.3.1. Certificates of insurance or comparable evidence of coverage as required by this Agreement;
 - 10.3.2. A copy of your business license and any mandatory business registrations (you must ensure that a current business license and/or registration is on file with us at all times during the term of this Agreement); and
 - 10.3.3. A copy of your articles of incorporation/organization as filed with the state or your operating agreement (whichever is applicable), and the related state-issued entity/file number and your federal employer identification number.
- 10.4. During the Term and for three years after the expiration or termination of this Agreement, and at our expense, we and our representatives may at any reasonable time on prior written notice to you, examine and copy your books and records (including tax returns and information used to prepare tax returns as noted in Section 10.2, you hereby waiving any applicable privilege that would excuse you from providing such information to us). For

purposes of this examination, books and records excludes your employment records for your employees.

11. PROPRIETARY MARKS

11.1. You may use the Proprietary Marks only as permitted in this Agreement. We retain the right to use and grant others the right to use the Proprietary Marks. All rights not granted to you in this Agreement concerning the Proprietary Marks remain ours.

11.2. You may use the Proprietary Marks only under our standards and specifications. You must:

11.2.1. use the Proprietary Marks only to operate your Franchise. You may not use the Proprietary Marks for any other purpose. You may not use the Proprietary Marks or any reproduction or imitation of the Proprietary Marks in any way likely to cause confusion, mistake or deception, or to create the appearance that any non-authorized service or product is provided by or endorsed by us or JPI.

use the Proprietary Marks as the only trademark identifications for your Franchise and not use the Proprietary Marks in connection with any other cleaning, disinfecting, or other business that you may own or operate and prominently display the Proprietary Marks on or with all materials we designate, and only as we authorize.

11.2.2. not use the Proprietary Marks as security for your obligation or indebtedness.

11.2.3. identify yourself as an independent franchisee and owner and operator of the Franchise when using the Proprietary Marks.

11.2.4. sign all documents we request to protect the Proprietary Marks or to maintain their continued validity and enforceability as trademarks.

11.2.5. not use the Proprietary Marks as part of your Entity name.

11.2.6. not use the Proprietary Marks or any similar names in any advertising or other written promotional materials or on the Internet or other electronic medium, without our prior written approval.

11.2.7. not register any domain name containing the Proprietary Marks or any similar names.

11.2.8. not use or attempt to register any other trademarks, service marks, or other commercial symbols that are the same as or similar to any of the Proprietary Marks.

11.2.9. comply with our instructions on filing and maintaining any required fictitious, trade, or assumed-name registrations for the JAN-PRO CLEANING & DISINFECTING trade name, and sign all documents we or our counsel deems reasonably necessary to receive protection for the Proprietary Marks and JPI's interest in the Proprietary Marks.

11.2.10. not use our name or logo, or your trade name, on your paystubs, paychecks, checks to your employees, your human resource manuals, employment applications, etc. You must only include your legal name on these documents.

- 11.3. You must immediately notify us of: (i) any suspected unauthorized use of, or any challenge to the validity or ownership of, the Proprietary Marks; (ii) our right to license or use the Proprietary Marks; or (iii) your right to use the Proprietary Marks. We will defend you against any third-party claim, suit or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with this Agreement, we will pay the cost of this defense, including the cost of any judgment or settlement. If we reasonably determine that you have not used the Proprietary Marks in accordance with this Agreement and that your misuse is a factor in the third-party claim, suit or demand, you must pay the cost of the defense, including the cost of any judgment or settlement. In any litigation involving your use of the Proprietary Marks, you must sign all documents and perform all acts we believe advisable to conduct the defense, including becoming a nominal party to any legal action. Except when litigation results from your use of the Proprietary Marks in a manner inconsistent with this Agreement, we will reimburse you for your out-of-pocket litigation costs to perform these acts.
- 11.4. Any use of the Proprietary Marks outside this Agreement infringes our and JPI's rights in the Proprietary Marks. Both during and after the Term, you must not, directly or indirectly, infringe, contest, or aid in contesting the validity of, or our or JPI's right to, the Proprietary Marks, or take any other action to damage these rights.
- 11.5. If, in our sole discretion, we determine it advisable to modify or cease the use of any Proprietary Mark or use one or more additional or substitute names or marks, you must do so at your sole expense within 30 days of our request.
- 11.6. Except as granted in this Agreement, you have no ownership or other rights in the Proprietary Marks. All goodwill associated with the Franchise inures exclusively to JPI's benefit and is JPI's exclusive property.

12. OPERATIONS MANUAL AND OTHER CONFIDENTIAL INFORMATION

- 12.1. To protect our and JPI's reputation and goodwill, and to maintain uniform standards of operation under the Proprietary Marks, you must conduct your Franchise as stated in the System manuals (collectively, with all other written specifications, standards and requirements we distribute and as we modify, replace and/or supplement, the "Operations Manual"). While you may determine how to best operate your franchised business, as long as your operation complies with this Agreement and ensures the protection of the Proprietary Marks, the Operations Manual offers a guide for successfully operating within the System and includes recommended methods of operation that comply with this Agreement.
- 12.2. We will loan you one copy of the Operations Manual (with periodic updates). If any dispute arises about the contents of the Operations Manual, the terms in our master copy of the Operations Manual are controlling. You must report the theft, loss or destruction of the Operations Manual, or any portion thereof, immediately to us. We will then loan a replacement copy to you for \$200 for each replaced Operations Manual. A partial loss or failure to update any Operations Manual is considered a complete loss.
- 12.3. You must treat and maintain the Confidential Information as our confidential information and trade secrets. "Confidential Information" means any knowledge, know-how, technologies, processes, techniques, and any other information not generally known by, or readily available to the general public, or that we designate as confidential, proprietary or trade secrets. Confidential Information includes information relating to customers,

Accounts, and the Operations Manual. Without our prior written consent, you must not copy, record or otherwise reproduce any Confidential Information. You must strictly limit access to the Confidential Information to your employees on a “need to know” basis to perform their jobs. You must require all persons to whom you grant access to the Operations Manual or any other Confidential Information to sign a form of confidentiality agreement that we reasonably approve. You must immediately provide us with copies of these signed confidentiality agreements.

13. BRAND STANDARDS AUDITS

To ensure the integrity of the Proprietary Marks and protect JPI’s goodwill, you must permit JPI, us, and our respective representatives to enter your franchised business office or other franchised business premises, and the locations where you perform services for your customers, to conduct brand standards audits and to observe your business activities. Upon notice from us or JPI, and without limiting our other rights under this Agreement, you must take all steps necessary to immediately correct any deficiencies found during any brand standards audit that, in our or JPI’s judgment, may diminish the value of or otherwise endanger the Proprietary Marks or JPI’s goodwill.

14. INSURANCE

14.1. You must obtain and maintain the types and amounts of insurance we require. This insurance is in addition to any other insurance that is required by law. The policies we require must be written by an insurance company reasonably satisfactory to us with a Best rating of “A-” or better and, to the extent permitted by law, must name us and JPI as additional insureds. At a minimum, these policies must include:

14.1.1. janitorial bonding of at least \$50,000;

14.1.2. workers' compensation insurance for you and all of your employees with a minimum coverage of the greater of \$100,000 or the minimum state law coverage, and all unemployment insurance required under state and federal laws to maintain a proper unemployment insurance account;

14.1.3. comprehensive general liability insurance covering property damage, loss and personal injury of \$1,000,000 per occurrence, \$4,000,000 in the aggregate, and automobile liability insurance of \$1,000,000 personal injury and property damage insurance; this comprehensive liability insurance may not have an exclusion for property in your care, custody or control; and other recommended coverages to match those provided under our group insurance program, the Business Protection Program (defined below in Article 14.4), including, but not limited to: (i) Care, Custody and Control coverage of \$1,000,000 per occurrence; (ii) lost key coverage up to \$1,000,000 per occurrence; (iii) Work-Site Pollution coverage of \$300,000 per occurrence; (iv) Bond/Customer Loss coverage up to \$50,000 per occurrence; (v) Electronic Data (Software) coverage up to \$50,000; and (vi) Extended Property Damage coverage up to \$1,000,000.

We may change the amounts of insurance coverage required under this Agreement and require different or additional types of insurance, including excess liability insurance and umbrella policies, to reflect inflation, new risks, changes in laws or standards, or other relevant changes.

- 14.2. Before your Start Date, you must provide us with a certificate of insurance showing that you have the insurance required in this Agreement, and any additional insurance we may subsequently require. The certificate of insurance must include a statement by the insurer that the policy or policies will not be canceled, subject to nonrenewal, or materially altered without at least 30 days' (ten days for non-payment of premiums) prior written notice to us. Upon our request, you must send us a certificate of insurance showing compliance with Section 14.1. We may charge an administrative fee of up to \$50 per month to cover the cost of verifying your insurance coverage, and the cost of handling any insurance claims submitted with a third-party provider.
- 14.3. If you ever don't have the required insurance, we have the right (but not the duty) to immediately obtain this insurance for you. If we do, you must reimburse us for the cost of the insurance, plus interest at the Contract Interest Rate, plus a reasonable fee for our expenses. You must immediately pay us these charges.
- 14.4. We may allow you to participate in a group insurance plan (the "Business Protection Program") that provides general liability insurance, workers' compensation insurance (where available) and bonding to us and our participating franchisees through an insurance company that names us and you as insureds. The cost of the Business Protection Program may include, in addition to premiums, fees payable to us for administering the Business Protection Program. The current fee is stated on the Summary Page.
- 14.5. If you choose to obtain your insurance outside of the Business Protection Program, we may charge you an administration fee commensurate with our costs for tracking your policies and renewals from a third-party insurance provider. This fee is currently \$50 per year. We do not charge this fee under the Business Protection Program because the insurance provider provides this service to us.

15. DEFAULT AND TERMINATION

- 15.1. If any of the following occurs, we may immediately terminate this Agreement without notice to you or an opportunity to cure: (i) you become insolvent; or (ii) you file for bankruptcy. You must notify us within three days of any of the events in this Section.
- 15.2. If any of the following events occurs, we may, by written notice but without providing you with any opportunity to cure, immediately terminate this Agreement:
 - 15.2.1. you fail to attend and successfully complete, or cause at least one of your managerial personnel satisfactory to us to attend and successfully complete, the Certification Program or any other program required under Section 7.1;
 - 15.2.2. you fail to pay us or our affiliate any amount you owe us or them under this Agreement or any other agreement (including under any Promissory Note) within ten days after we deliver a Notice of Default (as defined below);
 - 15.2.3. you fail to pay any third-party supplier or creditor any amount due within ten days after we deliver a Notice of Default, unless you notify us there is a good-faith dispute over the amount due and take immediate action to resolve that dispute;
 - 15.2.4. you or any of your owners make any material misrepresentation in purchasing the Franchise, including in any franchise application submitted to us;

- 15.2.5. you abandon your Franchise or, for more than seven consecutive days or 14 days in any consecutive 12-month period, you fail to conduct the business of the Franchise (including failing to service any customer for this period);
- 15.2.6. a serious or imminent threat or danger to public health or safety results from operating your Franchise and the threat or danger remains uncorrected for 24 hours after we or any governmental authority delivers written notice of it to you;
- 15.2.7. you do not comply with any part of this Agreement or the Operations Manual, including any safety, sanitation or environmental concerns, or violate any health, safety or sanitation law, ordinance or regulation that may harm the goodwill of the Proprietary Marks, and do not correct the failure or refusal within three days after we or any governmental authority delivers written notice of it to you;
- 15.2.8. you, or any of your officers, directors, owners or managerial personnel commits, is convicted of, or pleads *nolo contendere* to, a felony, a crime of moral turpitude, or any other crime or offense we believe is likely to have a material adverse effect on the goodwill of the Proprietary Marks, unless you immediately and legally terminate that individual as an officer, director, owner or employee and take all other corrective action we deem appropriate to remedy this issue, all such actions being at your sole discretion;
- 15.2.9. you deny us the right to inspect your Franchise or to inspect or audit the sales and accounting records of your Franchise;
- 15.2.10. you, or any of your officers, directors, owners or managerial personnel engages in conduct that reflects unfavorably on you, us, or the Proprietary Marks; or you or any of your officers, directors, owners or managerial personnel engage in conduct that exhibits a reckless disregard for the physical or mental well-being of employees, customers, our representatives, or the public at large (such as theft, battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse, or other forms of threatening, outrageous or unacceptable behavior);
- 15.2.11. you make a transfer in violation of Section 18;
- 15.2.12. an approved transfer is not completed as required by Section 18.6 following a Covered Owner's (as defined below in Article 18) death or permanent disability;
- 15.2.13. any breach occurs under Section 12.3 (regarding Confidential Information) or Section 17 ("Noncompetition");
- 15.2.14. you knowingly maintain false books or records, or knowingly submit any false reports to us;
- 15.2.15. you violate Section 11 ("Proprietary Marks") or otherwise impair the goodwill associated with the Proprietary Marks or our or JPI's rights in the Proprietary Marks;
- 15.2.16. you fail to obtain or maintain insurance as required under Section 14;

- 15.2.17. during any 12-consecutive month period, you receive two or more Notices of Default from us, whether for the same or different defaults, even if the defaults were cured; or
 - 15.2.18. except as otherwise provided above, you or any of your affiliates default under any other agreement with us or any of our affiliates and the default is not cured as required by the other agreement.
- 15.3. In addition to the defaults in Sections 15.1 and 15.2, you are in default under this Agreement if you do not comply with any other requirement in this Agreement. Except as provided in Sections 15.1 and 15.2, you have 30 days after we deliver a Notice of Default to cure any default and provide evidence of cure satisfactory to us. If any default is not cured within the time stated in the Notice of Default, or any longer time as applicable law requires, we may immediately terminate this Agreement. To the extent a cure is permitted under this Agreement, you must prove that you properly and timely cured a default. A “Notice of Default” is a written notice briefly describing a default under this Agreement.
- 15.4. The termination of this Agreement does not affect any remedy, right or claim we have against you under this Agreement or in law or equity.

16. OBLIGATIONS ON EXPIRATION OR TERMINATION

On the expiration or termination of this Agreement, all rights granted to you under this Agreement terminate immediately, and this Article applies to the rights and obligations of the parties. This Section is intended to enable us, if we choose, to immediately arrange for the continued servicing of your Accounts by someone other than you.

- 16.1. You must immediately cease operating your Franchise (including servicing any customers) that you serviced under the Proprietary Marks. Thereafter, you must not, directly or indirectly, talk or write negatively about us or JPI or any of the Proprietary Marks, Confidential Information, or any aspect of the System. You may not represent yourself as our present or former franchisee or in any other way associate yourself with the System or the Proprietary Marks. You must immediately cease using all stationery, signage, bills, invoices, and any other materials containing the Proprietary Marks.
- 16.2. You must immediately deliver to your former customers or us, as the customer designates, all keys, security passes, security codes, and any other means of access to the customers' premises. Before the expiration or sooner termination of this Agreement, when you stop servicing any customer, you must immediately deliver to the customer or us all of the customer's keys, security passes, etc. If you fail to timely do so, you must pay us \$500 for each day you do not comply with this Section. Our damages from your failure to comply with this Section are difficult to ascertain and this amount is liquidated damages and not a penalty.
- 16.3. We will keep all fees you paid under this Agreement. Within ten days after termination or expiration (or any later date(s) as we determine that amounts are due to us), you must pay us all Royalty Fees, Support Fees, Advertising Fees, Administrative Fees, Resolution Assistance Fees, amounts owed for products or services you purchased from us or our affiliates, and any other unpaid amounts you owe to us or our affiliates (including all outstanding principal and interest due under any Promissory Note you signed).

- 16.4. If you continue to operate, or later operate, any other business, you may not, in that business or the promotion of that business, use any reproduction or imitation of the Proprietary Marks, imitate any methods of operation, or undertake any other conduct likely to cause confusion, mistake or deception, or that is likely to dilute our or JPI's rights in the Proprietary Marks or the System. After expiration or termination, you may not use or attempt to register (or assist any third party to do the same) any trademarks, service marks, or other commercial symbol that are the same as or similar to any of the Proprietary Marks. In addition, you will use no designation of origin or description or representation that falsely suggests or represents an association or connection with JPI, us, or any of our respective affiliates. If you do this, it is unfair competition.
- 16.5. At your expense, you must immediately deliver to us all Confidential Information and information and documents relating to your customers, Accounts, or otherwise to the Franchise (with all copies and any other forms of reproductions of these materials) in your possession or control. All of this Confidential Information, information and documents, and copies thereof, are our exclusive property.
- 16.6. Within 30 days after the expiration or sooner termination of this Agreement, you must cancel any assumed-name or equivalent registration involving the Proprietary Marks and must furnish us with satisfactory evidence that you have done so.

17. NONCOMPETITION

- 17.1. We would not be able protect the System and Confidential Information against unauthorized use or disclosure, and would not be able to encourage a free exchange of ideas and information among franchisees within the System if you solicited or otherwise induced customers you serviced under the Proprietary Marks to be serviced by you or a third party other than as a franchisee operating under the System under the Proprietary Marks.

During the Term and the 12-month period after the expiration or sooner termination of this Agreement, neither you nor any of your owners, officers or directors, or any of their respective spouses or domestic partners (you and all these other persons, collectively, the "Restricted Parties" and, individually, a "Restricted Party") may, directly or indirectly:

- 17.1.1. solicit or otherwise attempt to induce (by combining or conspiring with), or influence in any other manner any of our Business Affiliates (as defined below) to terminate or modify his, her or its business relationship with us or to compete against us. A "Business Affiliate" is any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees, customers (including yours and those of our other unit franchisees), or other business contacts.
- 17.1.2. in any manner interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize our or any of our franchisees' businesses.

This Section does not prevent you from otherwise engaging in competitive activities, such as: (i) providing cleaning or related services to customers who have not in the previous 12 months been serviced by you or any other person under the Proprietary Marks; or (ii) procuring and servicing for cleaning and disinfecting services any customer that will receive services from you outside of this Agreement that are not associated with the System or the Proprietary Marks; or (iii) offering to any customers, including customers otherwise

serviced under the Proprietary Marks, services other than janitorial, cleaning, disinfecting, or maintenance services. However, in performing these other services, you must not represent yourself as a franchisee of the System or otherwise claim any affiliation with the Proprietary Marks.

- 17.2. If you violate Section 17.1.1, you must pay to us a lump sum payment (as liquidated damages for causing the lost fees and damage to the brand, not as a penalty) in an amount equal to the total of all Royalty Fees and Support Fees related to those customers for 12 months based on the average monthly amount of such fees over the three months prior to the violation of Section 17.1.1. The parties agree that a precise calculation of the full extent of the damages that we will incur as a result of your default is difficult and the parties desire certainty in this matter, and agree that the lump sum payment provided under this Section is reasonable in light of the damages that we will incur in this event. This payment is not exclusive of any other remedies that we have.
- 17.3. Both during and after the Term, none of the Restricted Parties may talk or write negatively about JPI, us or our affiliates, or any of our or their respective officers, directors, stockholders, employees or representatives, or any aspect of the Jan-Pro System, or the Proprietary Marks.
- 17.4. You and each Restricted Party agree that the activities prohibited in this Article and the length of the term are necessary to protect our legitimate business interests, including in the Proprietary Marks, and are fair and reasonable. You and each Restricted Party's full, uninhibited and faithful observance of each of the covenants in this Article will not cause undue hardship, financial or otherwise. Your and the other Restricted Parties' special knowledge of the System (and anyone acquiring this knowledge through you or the other Restricted Parties) is such as would cause us and our franchisees serious injury and loss if you or a Restricted Party (or anyone acquiring this knowledge through you or the other Restricted Parties) were to use this knowledge to the benefit of a competitor or to compete with us or any of our franchisees.
- 17.5. If any court or arbitrator finally holds that any term in this Section is an unreasonable restriction on you or the other Restricted Parties, this Agreement is not rendered void, but applies to the extent as the court or arbitrator concludes what is a reasonable restriction under the circumstances. You agree that the court or arbitrator may narrow any restriction hereunder so that it may be enforced and be enforceable under the law. The time periods stated in this Section are suspended during any period in which you or any of the other Restricted Parties is breaching any of these terms or is involved in a legal action or proceeding challenging the validity or enforceability of these terms.
- 17.6. All of your owners, managerial personnel, and all other persons to whom we provide instruction under this Agreement must sign your noncompetition and confidentiality agreement containing provisions similar to those in this Article before acquiring their ownership interest or beginning employment or the Certification Program. You must promptly deliver copies of the signed agreements to us. We are a third-party beneficiary under these agreements, with an independent right to enforce the agreements in our own name.
- 17.7. This Section is to be construed as independent of any other provision of this Agreement. The existence of any claim you or any other Restricted Party may have against us or any of our affiliates (regardless of whether arising from this Agreement) is not a defense to the enforcement of this Section against you or any other Restricted Party.

18. TRANSFER OF INTEREST

- 18.1. Without your consent, we have the right to transfer or delegate to any person any or all of our rights or obligations under this Agreement. If our transferee assumes in writing our obligations under this Agreement, within seven days of our delivery of written notice of transfer, you must sign and deliver to us a written release from those obligations.
- 18.2. The rights and duties in this Agreement are personal to you. We grant the Franchise in reliance upon our assessment of your and your owners' business and personal skills, reputation, aptitude, and financial capacity. Therefore, unless otherwise permitted by this Agreement, without our prior written consent, you must not sell, assign, convey, or otherwise dispose of, voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise, this Agreement or any direct or indirect interest in this Agreement. (For purposes of this Article, the term "transfer" refers to any of these actions.) Our consent to any transfer will not be unreasonably withheld.

You must provide us with prior written notice of any transfer of voting or ownership interests in you, even if it is not a transfer of an interest in this Agreement as provided in the next sentence. A transfer of 25% or more of the voting or ownership interests, individually or in the aggregate, directly or indirectly, is your transfer of an interest in this Agreement, as is a transfer of all or substantially all your assets used to operate the Franchise. For any purported or attempted transfer of an interest in this Agreement without our prior written authorization, by operation of law or otherwise, the transfer is null and void, and a material breach of this Agreement.

A sale or transfer of all or substantially all of your customer Accounts will constitute a transfer under this Section 18 and therefore require our consent. A sale or transfer of an occasional or insubstantial number of customer Accounts in a single transaction may proceed without our consent so long as the sale or transfer is to another franchisee that is in good standing with us and undertaken in accordance with the procedures and using the documentation that we set forth or provide from time to time.

- 18.3. Neither you nor your owners may create or permit a lien against, nor pledge, grant a security interest in, or in any manner encumber this Agreement (or any interest in this Agreement).
- 18.4. Before we consent to a transfer of an interest in this Agreement, we may require that:
- 18.4.1. you have made all payments that you owe us (including under any Promissory Note you signed or any other debt obligations);
 - 18.4.2. you are not then in default under this Agreement or any other agreement between you and us or our affiliates;
 - 18.4.3. you sign a general release of all claims against us, our affiliates, JPI, and our and their respective officers, directors, owners, representatives, agents and employees (in their corporate and individual capacities);
 - 18.4.4. the transferee sign our form of assumption agreement under which it assumes all of your obligations under this Agreement; or, if we request, the transferee sign our then-current form of franchise agreement (for a term equal to the then

remaining Term of this Agreement) and all other agreements we require for the Franchise, and the terms of the agreements may have materially different terms and conditions from those of this Agreement, such as higher fees;

- 18.4.5. if the transferee is an Entity, its owners enter into our then-current form of personal guaranty, under which they, jointly and severally, guaranty the transferee's obligations under this Agreement (or the new form of franchise agreement discussed in Section 18.4.4) and any related agreements;
- 18.4.6. the transferor pays us a Transfer Fee in lieu of an initial franchise fee; the "Transfer Fee" is the greater of: (i) \$4,000; or (ii) 8% of your total Gross Billings for the 12-month period ending on the last day of the calendar month prior to the month in which the transfer is to occur;
- 18.4.7. the transferee has demonstrated to our reasonable satisfaction that the transferee has properly assumed, and can comply with, all of its, his or her obligations for the Franchise and that the transferee and its owners have the business and personal skills, reputational and financial capacity we require;
- 18.4.8. at the transferee's expense (including our then-current fee), and on terms we reasonably require, the transferee (or its owners if it is an Entity) has completed any initial Certification Programs then required for new franchisees; and
- 18.4.9. you and the transferee timely satisfy our other reasonable conditions.

Our approval of a proposed transfer is not an expression of our opinion on the appropriateness or fairness of the terms of the transfer or the likelihood of the transferee's success. If we disapprove of the transfer because all of the transfer conditions in this Section or elsewhere in this Agreement have not been satisfied (or for any other reason), we have no liability of any nature to you or the transferee.

Our consent to any transfer is not a waiver of any claims we have against you. Even if we approve the transfer, no transfer releases you of liability for your conduct prior to the transfer.

- 18.5. If a Covered Owner (as defined below) dies or is disabled from any cause and for a continuous period of over three consecutive months cannot perform his or her obligations under this Agreement, then, within 30 days thereafter, you (or your legal representative) must hire and maintain a replacement satisfactory to us to perform the obligations. Any period of disability that is interrupted by a return to active and proper performance of duties under this Agreement for 14 days or less is considered continuous. "Covered Owner" means anyone who is an owner of you. If a satisfactory replacement is not hired or maintained as required, we may take your Accounts back and transfer the Accounts to another franchisee.
- 18.6. Within six months of any Covered Owner's death or permanent disability, that individual's estate or his or her representative must transfer his or her interests in you (or in any of your owners) or in this Agreement under the terms of this Article. We will not charge a Transfer Fee.

19. INDEPENDENT BUSINESS OWNER AND INDEMNIFICATION

- 19.1. This Agreement creates no fiduciary relationship between you and us. You are an independent business owner. You are a licensee of certain of our trademarks and the System. We are an independent contractor of yours that provides Business Services to you pursuant to this Agreement. Nothing in this Agreement appoints either party an agent, legal representative, subsidiary, joint venturer, partner, employee, affiliate or servant of the other party for any purpose. Nothing in this Agreement authorizes either party to make any contract, agreement, warranty or representation on behalf of the other party. Neither party may incur any debt or other obligation in the other party's name unless the right to do so is explicitly stated in this Agreement. You must take all action we request to notify the public that you are an independent business owner. These actions may include placing and maintaining a plaque in a conspicuous place within your franchised business office and a notice on all stationery, business cards, sales literature, contracts, and similar documents that states that you own and independently operate your franchised business. The content of these items is subject to our prior written approval and may be updated from time to time upon our notice to you. You must also sign the form of Independent Business Acknowledgment attached to this Agreement as Exhibit B.
- 19.2. **You agree that since you are an independent business owner and not our employee, you and not we must make all periodic filings and payments for your franchised business for all required federal and state taxes, payments or filings (including all income, unemployment and payroll taxes such as FICA, FUTA and SECA payments). Your agreement to this has materially induced us to enter into this Agreement and but for your making this agreement, we would not have done so. You must operate the Franchise, and otherwise act in connection therewith, as an independent business owner, and must not act, or omit to act, in any manner that will cause you or your employees to be our or JPI's employees for any purpose.**
- 19.3. You must indemnify JPI and us from all actions, judgments, damages, liabilities, claims, losses, costs and expenses (including reasonable legal fees, paralegal fees and attorneys' fees and other expenses, even if incident to appellate, post-judgment or bankruptcy proceedings) to which we or JPI becomes subject, or that either incurs, arising from or relating in any manner to your ownership or operation of your Franchise. Examples of the claims covered by this indemnity include claims relating to: (i) maintaining or operating vehicles; (ii) your being characterized as our employee (or as a joint employee with JPI) by any federal, state or local court or agency; (iii) your failure to act as an independent business owner; (iv) your failure to pay income, unemployment or payroll tax or file any related return; or (v) your other default under Section 19.2. You will not be required to indemnify us for any matter caused by our gross negligence or intentional misconduct. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity continues in full force and effect. In addition to covering JPI and us, this indemnity also covers our respective affiliates and their and those affiliates' respective owners, officers, directors, employees, agents and representatives.
- 19.4. *You agree that you have no relationship of any kind with JPI and that JPI is not a party to this Agreement nor any other Agreement related to your Franchise. You agree that JPI is in the business of licensing its System and Marks to Regional Franchise Developers, and has licensed its System and Marks to us with a right to sublicense same, and that no obligation or connection of any kind or character flows from JPI to you by that fact or by any other fact or circumstance.*

20. MEDIATION, ARBITRATION, AND EQUITABLE RELIEF

You and we believe that it is important to resolve any disputes amicably, quickly, cost-effectively and professionally, and to return to business as soon as possible. You and we have agreed that the provisions of this Article 20 support these mutual objectives and, therefore, agree as follows:

- 20.1. Any disagreement, litigation, claim, dispute, suit, action, controversy or proceeding of any type whatsoever, including any claim for equitable relief and/or where you are acting as a “private attorney general,” suing pursuant to a statutory claim or otherwise, between or involving you and us on whatever theory and/or facts based, and whether or not arising out of this Agreement (including any dispute or disagreement relating to arbitration, including the arbitrability of this Agreement or any of its provisions), our offer, sale or negotiation of your Franchise, or the relationship of the parties, or any claim that this Agreement or any provision of this Agreement (including Section 20.2) is invalid, illegal or otherwise voidable or void or unenforceable (“Dispute”) will be processed in the following manner, you and we each expressly waiving all rights to any court proceeding, except as expressly provided below in Section 20.8.

Subject to Section 20.8, any party seeking formal resolution of a Dispute will, before any arbitration proceeding may be filed, submit the Dispute to nonbinding mediation for a minimum of four hours before CPR (as defined below) under its national franchise mediation program. If CPR cannot conduct the mediation, the Dispute may be submitted to the American Arbitration Association or any other mutually agreeable mediator. Mediation is a compromise negotiation for the purposes of the federal and state rules of evidence, and the entire process is confidential. Prior to any mediation, all parties will sign a confidentiality agreement reasonably satisfactory to us excepting only public disclosures and filings as are required by law. All parties must attend mediation. We will pay the costs of the first four hours of any mediation, and no mediation is required to extend beyond such four-hour period. “CPR” means the International Institute for Conflict Prevention & Resolution, Inc.

- 20.2. Subject to Sections 20.1 and 20.8, all Disputes brought by you or us must be submitted to binding arbitration before one arbitrator of the American Arbitration Association (or any other mutually agreeable arbitration association) under its commercial arbitration rules only, even if you designate that the claim is subject to any other arbitration rules.
- 20.3. You and we agree that the franchise relationship is unique and that as a result it is important that anyone who serves as a mediator or arbitrator in a Dispute must have a minimum of seven years of substantive experience in franchise law.
- 20.4. This Section must be construed as independent of any other provision of this Agreement. If a court or arbitrator of competent jurisdiction determines that any provisions are unlawful, that court or arbitrator is to modify or interpret the provisions to the minimum extent needed to have them comply with the law. Notwithstanding any provision relating to the state laws by which this Agreement must be governed and construed, all issues relating to arbitrability or the enforcement of the agreement to arbitrate in this Agreement must be governed by the United States Arbitration Act (9 U.S.C. §1 et seq.) and the federal common law of arbitration. The arbitrator, and not any federal, state or local court, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, unconscionability, arbitrability, enforceability or formation of this Agreement, including any claim of fraud in the inducement or that all or any part of the Agreement is void or

voidable. However, the preceding sentence shall not apply to the clause entitled “Class Action Waiver” set forth below.

- 20.5. Judgment on an arbitration award may be entered in any court of competent jurisdiction. This judgment is binding, final and non-appealable.
- 20.6. The arbitration and mediation provisions in this Section are self-executing and remain in full force and effect after the expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, notwithstanding failing to appear, an award may be entered against that party by default or otherwise.
- 20.7. Except as provided in Section 20.1, each party bears its own costs for mediation and arbitration. The fees for mediation and arbitration payable to the mediator or arbitrator, and their applicable agency, however, will be split equally. Mediation and arbitration must take place in the county in which our principal office is then located, or if the mediator or arbitrator cannot conduct mediation or arbitration there, the nearest county where it can.
- 20.8. Notwithstanding the above, the obligation to mediate or arbitrate is not binding on either party for any request for a restraining order, injunction or other procedure to obtain specific performance in a court of competent jurisdiction when that court considers the restraining order, injunction or specific performance necessary to preserve the status quo or prevent irreparable injury pending resolution of the actual Dispute by mediation or arbitration. We may seek injunctive relief in any jurisdiction that has jurisdiction over you or any other party against whom this relief is sought.
- 20.9. Class Action Waiver. Any proceeding (whether mediation, arbitration, trial to a court or jury, appeal or otherwise) must be brought in the parties’ individual capacity, and not as a plaintiff or class member in any purported class, collective, representative, multiple plaintiff, or similar proceeding (“Class Action”). You and we expressly waive any ability to maintain any Class Action in any forum. Further, an arbitration proceeding between us and you (or any of your or our affiliates and owners and guarantors) may not be consolidated with any other arbitration proceeding between them and any other franchisee, person or entity. You hereby agree not to seek joinder of any of your claims with those of any other party. The arbitrator shall not have authority to combine or aggregate similar claims or conduct any Class Action, nor make an award to any person or entity not a party to the arbitration. Any claim that all or part of this Class Action Waiver is unenforceable, unconscionable, void or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator. YOU AND WE UNDERSTAND THAT WE WOULD HAVE HAD A RIGHT TO LITIGATE THROUGH A COURT, TO HAVE A JUDGE OR JURY DECIDE OUR CASE, AND TO BE PARTY TO A CLASS OR REPRESENTATIVE ACTION. HOWEVER, YOU AND WE UNDERSTAND AND CHOOSE TO WAIVE THAT RIGHT AND HAVE ANY CLAIMS DECIDED INDIVIDUALLY THROUGH ARBITRATION. It’s your and our joint business judgment that the limitations of this subsection make good business sense, because:
 - 20.9.1. the mediation and arbitration procedures contemplated by this Agreement (and which you and we agree are the core methods for resolving disputes) function most effectively on an individual case basis;
 - 20.9.2. there are significant business and other factors present in each individual franchisee’s situation which should be respected; and

- 20.9.3. the economic interests of lawyers on either side in class-wide or multiple plaintiff disputes, as well as the tendency to polarize positions, makes accommodation and compromise, as a practical business matter, less easily achieved, which would be a serious detriment to your and our business interests, as well as those of the entire franchised business system, in quickly, amicably and economically resolving any dispute.

For purposes of this Agreement, the term “Business Judgment” means that we are allowed to exercise our judgment however we consider to be appropriate in our sole and absolute discretion, except that we will not do so arbitrarily. You and we agree that we have the unrestricted right to make decisions and/or take (or refrain from taking) actions (except that we will not do so arbitrarily) and we have this right even if a particular decision/action may have negative consequences for you, a particular franchisee or group of franchisees. You understand and agree that the exercise of Business Judgment is critical to our role as Franchisor and to our goals for its continuing improvement. This is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of the business judgment rule in a corporate law context.

21. ACKNOWLEDGMENTS AND REPRESENTATIONS

- 21.1. You agree that you received our Franchise Disclosure Document at least 14 calendar days before signing this Agreement or any other binding agreement with, or making any payment to, us or our affiliate for this franchise.
- 21.2. *YOU AGREE THAT, IN ALL OF YOUR DEALINGS WITH OUR OWNERS, OFFICERS, DIRECTORS, EMPLOYEES AND REPRESENTATIVES, EACH ACTS ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY.*
- 21.3. *WE MAKE NO WARRANTY AS TO YOUR ABILITY TO OPERATE YOUR FRANCHISE IN THE JURISDICTION IN WHICH YOU WILL OPERATE. IF A LAW PASSED, A COURT ISSUES A DECISION OR REGULATION ISSUED BY ANY GOVERNMENT PREVENTS YOU OR US FROM OPERATING THE FRANCHISE UNDER THIS AGREEMENT, OR AS YOU, WE OR JPI INTENDED, WE AND JPI ARE NOT LIABLE FOR DAMAGES OR TO RETURN ANY PAYMENTS YOU MADE.*

22. GENERAL PROVISIONS

- 22.1. You release and discharge JPI and its affiliates, us and our affiliates, our designees and other agents, and their respective officers, directors, representatives, employees and agents, from all claims of any kind, in law or in equity, that may exist as of the Effective Date involving this Agreement or any other agreement between the parties, or relating in any other way to the conduct of us or JPI and our and its respective affiliates, designees or agents, and our and their respective officers, directors, representatives, employees and agents, before the Effective Date, including for example, all claims, whether known or unknown, suspected or unsuspected, arising under the franchise, business opportunity, securities, antitrust or other laws of the United States, any state or locality.

Provided that if this Release is given in connection with the award of a franchise, then this release will not apply to claims relating to the offer and sale of such franchise under applicable state franchise investment law or any rule or order issued thereunder.

- 22.2. Subject to Section 12, this Agreement may be changed only by a written document signed by both parties and referring to this Agreement.
- 22.3. During the Term, we may change the System (including the goods and services your Franchise offers). You are bound by these changes to the System as if they were part of this Agreement when it was signed. You will pay all reasonable costs to timely implement and comply with any changes.
- 22.4. All of the terms of this Agreement, whether so expressed or not, are binding on, inure to the benefit of, and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.
- 22.5. All notices under this Agreement must be in writing and must be hand delivered, sent overnight by a nationally recognized carrier, or mailed by certified mail (postage prepaid), return receipt requested, addressed to the appropriate party at its address stated on the Summary Page or to any other address as that party designates by notice complying with this Section. Notice properly sent and addressed is deemed delivered: (a) on the date delivered if by personal delivery or overnight carrier; or (b) on the date on which the return receipt is signed, delivery is refused or the notice is designated by the postal authorities or carrier as not deliverable.
- 22.6. The headings and subheadings in this Agreement are for convenience of reference only and do not affect the meaning of this Agreement.
- 22.7. If any provision of this Agreement, or any other agreement entered into under this Agreement, is contrary to, prohibited by, or deemed invalid under applicable law or regulation, that provision is inapplicable and deemed omitted to the extent so contrary, or prohibited.
- 22.8. Either party's waiver of any breach of this Agreement is not a waiver of any continuing or later breach of that provision, a waiver of the provision itself, or a waiver of any right or remedy under this Agreement.
- 22.9. Notwithstanding Section 20.7, if we hire an attorney or other professionals due to your failure to timely make payments that you owe to us, or to timely submit any reports, or any other failure to comply with this Agreement, you must immediately reimburse us for all reasonable costs we incur (including reasonable legal fees, attorneys' fees and court costs), even if a legal action or other proceeding is not filed.
- 22.10. Subject to Section 20, each of the parties irrevocably and unconditionally agrees that any suit, action or legal proceeding involving any Dispute must be brought only in the federal and state courts of record for the state and county where our principal office is located when the proceeding is filed; consents to the jurisdiction of these courts in any suit, action or proceeding; and waives any objection he, she or it may have to venue in any of these courts.
- 22.11. Except as otherwise stated in this Agreement, no remedy conferred on any party is exclusive of any other remedy. Every remedy is cumulative and is in addition to every other remedy under this Agreement or applicable law or in equity.

- 22.12. This Agreement is not binding until it is signed by our duly authorized officer.
- 22.13. Whenever our consent or approval is required under this Agreement, our consent or approval must be in writing and signed by our duly authorized officer.
- 22.14. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or the United States Arbitration Act (9 U.S.C. §§ 1 et seq.), this Agreement and any related agreement must be construed and enforced under the internal laws of the state where our principal office is located when this Agreement is signed, without regard to its conflict-of-laws principles.
- 22.15. No party may file mediation, arbitration or litigation of any Dispute more than one year after the facts underlying the Dispute occur.
- 22.16. Each of the parties was, or had the opportunity to be, represented by their own counsel throughout the negotiations and signing of this Agreement and all the other documents signed with this Agreement. Therefore, none of the parties may claim or assert that any provision of this Agreement or of the other documents should be construed against the drafter.
- 22.17. This Agreement, its exhibits and all other written agreements involving this Agreement and referenced in this Agreement, represent the entire understanding and agreement between the parties on the subject of this Agreement and replace all other negotiations, understandings and representations made between the parties. No representations, inducements, promises or agreements, oral or otherwise not written in this Agreement, its exhibits and all other written agreements concerning this Agreement are of any force and effect. Notwithstanding, nothing in this Agreement will disclaim or require you to waive reliance on any representation we made in the Franchise Disclosure Document (including exhibits and amendments) delivered to you or your representative before you signed this Agreement.
- 22.18. All of our and your respective obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect after and notwithstanding its expiration or termination.
- 22.19. Neither we nor you will be liable for loss or damage, or deemed in breach of this Agreement, if failing to perform our or your obligations results from causes beyond our or your reasonable control, such as computer malfunctions, extreme weather and climatic conditions, inadequate supply of equipment or energy, compliance with applicable law, war, acts of terrorism, strikes, or acts of God.
- 22.20. If you consist of more than one person, the reference to “you” in this Agreement refers to either or all of the persons; provided, however, all persons are jointly and severally liable for your obligations under this Agreement.
- 22.21. Except as provided in this Section and elsewhere in this Agreement to the contrary, nothing in this Agreement, whether express or implied, confers any rights or remedies under or by reason of this Agreement on any persons (including other Jan-Pro branded regional developers and unit franchisees) other than the parties and their respective personal or legal representatives, heirs, successors, and permitted assigns. However, JPI is a third-party beneficiary under this Agreement to enforce its trademark rights and may independently

enforce your obligations on usage of the Proprietary Marks in its own name, even if we don't do so.

- 22.22. If you default in performing any of your obligations under this Agreement, we have the right (but not the duty) to arrange for third parties to perform your obligations. If we do, you must immediately reimburse us for the actual costs of this performance. Interest accrues on all amounts due to us under this Section at the Contract Interest Rate beginning ten days after our demand for reimbursement.
- 22.23. *The parties mutually and willingly waive any right to, or claim for, any punitive or exemplary damages against the other, even if authorized by statute. In a dispute between the parties, each is limited to recovering only its actual damages. You also willingly waive any claim you may later have for any damages resulting from your being classified as our employee instead of our franchisee, including, for example, lost wages, minimum wages, overtime wages, etc. Notwithstanding, if an arbitrator or court of competent jurisdiction finds that you are our employee or JPI's joint employee, you agree that you will return to us all payments that we made to you to the extent that these payments exceed what you would have earned at the applicable minimum wage.*
- 22.24. *The parties mutually and willingly waive the right to a trial by jury of all claims made between them, whether now existing or later arising, including all claims, defenses, counterclaims, cross claims, third-party claims and intervenor's claims, whether arising from or related to the sale, negotiation, signing or performance of the transactions to which this Agreement relates. None of the parties' respective claims may be litigated on a class-wide basis, nor joined with any third-party claim.*
- 22.25. All of your legal and beneficial owners must sign the Joinder below. By doing so, each owner agrees that he or she is bound by this Agreement as if he or she were you under this Agreement and agrees that he or she is jointly and severally liable with the other owners and you for all of your obligations under this Agreement. All Restricted Parties (other than you and your owners) must sign the Restricted Party Joinder provided below.

The parties are signing this Agreement on the Effective Date.

US:

YOU:

R.E. JOHNSEN, LLC

[Insert legal name of franchisee]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT B

GUARANTY

This guaranty ("Guaranty") is signed by the undersigned guarantors (each a "Guarantor," and collectively, the "Guarantors") and delivered to **R.E.JOHNSEN,LLC** ("we," "us," or "our") as of _____, 20__.

1) In consideration of, and as an inducement to, our accepting from **{Insert legal name of franchisee}** ("you") the promissory note you are issuing to us (the "Promissory Note") to evidence certain amounts you must pay us under the unit franchise agreement you and we are entering (the "Franchise Agreement"), each of the undersigned, personally and unconditionally guarantees to us, and our successors and assigns, that:

- a) you will pay and perform all your obligations under the Promissory Note (the "Obligations," which obligations include, without limitation, the obligation to pay all principal and interest due); and
- b) he or she is bound by each of the Obligations as if he or she were the maker under the Promissory Note; and
- c) he or she is personally liable for your breach of any of your Obligations.

2) Each of the undersigned waives:

- a) acceptance and notice of acceptance by us of the foregoing undertakings;
- b) notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed under this Guaranty;
- c) protest and notice of default to any party regarding the indebtedness or nonperformance of any Obligations;
- d) any right he or she may have to require that an action be brought against you or any other person as a condition of liability; and
- e) all other notices and legal or equitable defenses to which he or she may be entitled.

3) Each of the undersigned agrees that:

- f) his or her direct and immediate liability under this Guaranty is joint and several with each other guarantor under this or any other guaranty;
- g) he or she must render any payment or performance required under the Promissory Note, on demand, if you fail or refuse to do so;
- h) this liability is not contingent or conditioned on our pursuing any remedy against you or any other person; and

i) any liability is not diminished, discharged, or otherwise affected by any extension of time, credit, or other indulgence that we may grant to you or to any other person (including, without limitation, the acceptance of any partial payment or performance, release of any collateral, or the compromise or release of any claims, none of which modify or amend this guaranty).

This Guaranty is a guaranty of payment and not of collection. This Guaranty is irrevocable and continues in full force and effect until all of the Obligations are paid, performed and discharged. The Obligations are not considered fully paid, performed and discharged unless all payments by you, and any Guarantor, to us are no longer subject to any right by any person whomsoever—including, without limitation, to you, you as a debtor in possession or any trustee in bankruptcy—to disgorge any payments or seek to recoup any payments or any part of any payments.

This Guaranty continues to be effective if (i) any petition is filed by or against you or any Guarantor for bankruptcy, liquidation or reorganization, (ii) you or any Guarantor becomes insolvent or makes an assignment for the benefit of creditors or (iii) a receiver or trustee is appointed for all or any significant part of your or any Guarantor's assets.

In addition to the amounts guaranteed under this Guaranty, the Guarantors are jointly and severally obligated to pay (i) all of our legal fees, attorneys' fees and paralegals' fees and other expenses that we incur to enforce this Guaranty and (ii) interest at the Default Interest Rate (as defined in the Promissory Note) on any of the Obligations not paid when due.

The state and county where our principal office is located on the date the action is filed are the proper and exclusive jurisdiction and venue for any proceedings arising out of this Guaranty. Each of the undersigned consents—and waives all right to object—to the jurisdiction and venue of the federal and state courts closest to this location. We, however, may pursue any remedies in any jurisdiction and venue in which any Guarantor is located. This Guaranty is to be construed according to the internal laws of the state where our principal office is located when this Guaranty is signed, without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty on the date provided in the first paragraph of this Guarantee.

GUARANTORS:

Print Name

Signature

Print Name

Signature

Print Name

Signature

RESTRICTED PARTY JOINDER

Each of the parties signing below, being a “Restricted Party” under Article 17, agrees that he or she is bound by the terms of that Article and all other provisions in the Agreement in preserving our Confidential Information and trade secrets, including those in Article 12.

(Signature)

Print Name: _____

(Signature)

Print Name: _____

(Signature)

Print Name: _____

(Signature)

Print Name: _____

EXHIBIT A TO UNIT FRANCHISEE FRANCHISE AGREEMENT

PROMISSORY NOTE

\$ _____, 20__

1. Principal and Payment. FOR VALUE RECEIVED, the undersigned, [Insert entity name of franchisee], a(n) [Insert franchisee entity state of formation/incorporation] [Insert franchisee entity type] (“Maker”), promises to pay to R.E.JOHNSEN,LLC, a Wisconsin LLC (“Holder”), at 10150 West National Avenue, Ste. 201 West Allis, WI 53227, without deduction, abatement or offset in lawful money of the United States of America, the principal amount of \$ _____, with interest at the rate of 10% per year. Maker must pay Holder the principal and interest in _____ equal monthly installments of \$ _____, beginning on _____, 20____, and continuing on the 10th day of each consecutive month until _____, 20____, when this Note must be paid in full.

2. Franchise Agreement. This Note is being issued with a Franchise Agreement by Holder, as franchisor, and Maker, as Unit Franchisee (the “Franchise Agreement”). Unless defined otherwise in this Note, capitalized terms have the meanings given them in the Franchise Agreement.

3. Guaranty. Payment and performance of Maker’s obligations under this Note are secured by the written guaranty (the “Guaranty”) signed by _____ (“Guarantor(s)”).

4. Application of Payments. Holder may, in its sole discretion, credit any payment made under this Note (whether made when due or otherwise) first against any interest then due, and the remainder against the unpaid principal or any other amount due under this Note.

5. Default and Acceleration. Each of the following is an “Event of Default:”

a. Maker fails to timely pay any amount due under this Note (including any principal or interest) or fails to timely perform any other obligation under this Note and that failure continues for ten days after Holder sends Maker written notice of the failure;

b. Maker or any Guarantor fails to perform any of their obligations under the Franchise Agreement or Guaranty and this default continues beyond any cure period;

c. Maker or any Guarantor transfers any direct or indirect interest in the Franchise Agreement (“transfer” and “direct or indirect interest” are defined in the Franchise Agreement);

d. Maker or any Guarantor becomes insolvent or makes a general assignment for the benefit of creditors;

e. A petition in bankruptcy is filed by Maker or any Guarantor or a petition is filed against or consented to by Maker or any Guarantor;

f. A substantial portion of Maker’s or any Guarantor's personal property used in the Franchise is sold after levy by any sheriff, marshal or constable;

g. When, in Holder's sole option, your Maker's financial ability becomes impaired or unsatisfactory.

Upon an Event of Default, Holder may declare the entire principal balance of this Note and all accrued interest immediately due and payable. If Maker does not pay principal or interest when due, interest accrues on the unpaid principal from the due date until paid in full at the maximum rate permitted by law (the "Default Interest Rate").

6. Miscellaneous Provisions.

a. If Holder exercises no remedy on an Event of Default, the failure does not affect Holder's right to exercise any remedies for any later defaults.

b. Maker and all endorsers and Guarantors of this Note waive valuation and appraisal, demand, presentment, notice of non-payment, dishonor and protest.

c. If suit is brought for the collection of this Note, or if it is necessary to place this Note in the hands of a collection agency or an attorney for collection, whether or not suit is filed, Maker and all endorsers and Guarantors of this Note must pay to Holder its reasonable legal fees, attorneys' fees and paralegals' fees and other expenses for undertaking collection. Amounts due under this paragraph are treated as added to the principal amount due under this Note, with interest accruing thereon at the Default Interest Rate, and are due on demand.

d. The state and county where Holder's principal office is located on the date that the action is filed is the proper and exclusive jurisdiction and venue for any proceedings arising out of this Note. Maker consents, and waives all right to object to, the jurisdiction and venue of the federal and state courts closest to this location. Holder, however, may pursue any remedies in any jurisdiction and venue in which Maker or any Guarantor is located. This Note is to be construed according to the internal laws of the state where our principal office is located when the Franchise Agreement is originally signed, without regard to principles of conflicts of laws.

e. This Note may be prepaid in whole or part without premium or penalty.

f. This Note is "negotiable," which means that the Holder can sell or transfer collection rights to someone else. Holder may assign this Note to any assignee who on assignment succeeds to Holder's rights and status.

g. The following do not release or affect Maker's or any Guarantor's or endorser's liability under this Note:

i. Holder grants Maker, or any other party any renewal of time to pay any sums due under this Note or perform any obligation under this Note or in any other document securing the payment of this Note; or

ii. Holder: (i) releases Maker or any other party; (ii) agrees not to sue Maker or any other party; (iii) suspends the right to enforce this Note against Maker or any other party; (iv) discharges Maker or any other party; or (v) takes or releases any collateral or security.

h. This Note may not be amended or modified, nor may any waiver of any provisions of this Note be affected, except by a written instrument signed by Holder. Maker and all other

persons signing this Note have signed this Note as a principal and not as surety or accommodation party.

i. Time is of the essence on all dates in this Note.

j. BY THEIR RESPECTIVE SIGNING AND ACCEPTING THIS NOTE, THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A JURY TRIAL OF ANY CLAIMS MADE BETWEEN THEM, WHETHER NOW EXISTING OR ARISING IN THE FUTURE. THESE CLAIMS INCLUDE, WITHOUT LIMITATION, ANY CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS-CLAIMS, THIRD-PARTY CLAIMS AND INTERVENOR'S CLAIMS, WHETHER ARISING FROM OR RELATED TO THE NEGOTIATION, SIGNING AND PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS NOTE RELATES. NONE OF THE PARTIES' RESPECTIVE CLAIMS MAY BE LITIGATED ON A CLASS-WIDE BASIS, NOR JOINED WITH ANY THIRD-PARTY CLAIM.

MAKER:

[Insert entity name of franchisee],
a(n) [Insert franchisee entity state of formation/
incorporation] [Insert franchisee entity type]

By: _____

Printed Name: _____

Title: _____

Date: _____

HOLDER:

R.E.JOHNSEN, LLC
A Wisconsin Limited Liability Copany

By: _____

Printed Name: _____

Title: _____

Date: _____

GUARANTY (Promissory Note)

This guaranty (“Guaranty”) is signed by the undersigned guarantors (each a “Guarantor,” and collectively, the “Guarantors”) and is delivered to R.E.JOHNSEN,LLC a Wisconsin Limited Liability Company, (“we,”“us,”or“our”) as of January 20, 2004.

1. In consideration of, and as an inducement to, our accepting from [Insert entity name of franchisee], a(n) [Insert franchisee entity state of formation/incorporation] [Insert franchisee entity type] (“you”) the promissory note you are issuing to us (the “Promissory Note”) to evidence certain amounts you must pay to us under the Unit Franchisee Agreement you and we are entering into (the “Franchise Agreement”), each of the undersigned, personally and unconditionally guarantees to us, and our successors and assigns, that:

a. you must pay and perform all of your obligations under the Promissory Note (the “Obligations,” which obligations include, without limitation, the obligation to pay all principal and interest due thereunder); and

b. he or she is bound by each of the Obligations as if he or she were the maker under the Promissory Note; and

c. he or she is personally liable for your breach of any of your Obligations.

2. Each of the undersigned waives:

a. acceptance and notice of acceptance by us of the foregoing undertakings;

b. notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed under this Guaranty;

c. protest and notice of default to any party regarding the indebtedness or nonperformance of any Obligations;

d. any right he or she may have to require that an action be brought against you or any other person as a condition of liability; and

e. all other notices and legal or equitable defenses to which he or she may be entitled.

3. Each of the undersigned agrees that:

a. his or her direct and immediate liability under this Guaranty is joint and several with each other guarantor under this or any other guaranty;

b. he or she must render any payment or performance required under the Promissory Note, on demand, if you fail or refuse to do so;

c. this liability is not contingent or conditioned upon our pursuing any remedy against you or any other person; and

d. any liability is not diminished, discharged or otherwise affected by any renewal of time, credit or other indulgence that we may grant to you or to any other person (including, without limitation, the acceptance of any partial payment or performance, release of any collateral, or the compromise or release of any claims, none of which modify or amend this Guaranty).

This Guaranty is a guaranty of payment and not of collection. This Guaranty is irrevocable and continues in full force and effect until all of the Obligations are paid, performed and discharged. The Obligations are not considered fully paid, performed and discharged unless all payments by you, and any Guarantor, to us are no longer subject to any right by any person whomsoever, including, without limitation, to you, you as a debtor in possession or any trustee in a bankruptcy, to disgorge any payments or seek to recoup any payments or any part of any payments.

This Guaranty continues to be effective if: (i) any petition is filed by or against you or any Guarantor for bankruptcy, liquidation or reorganization; (ii) you or any Guarantor becomes insolvent or makes an assignment for the benefit of creditors; or (iii) a receiver or trustee is appointed for all or any significant part of your or any Guarantor's assets.

In addition to the amounts guaranteed under this Guaranty, the Guarantors are jointly and severally obligated to pay: (i) all of our legal fees, attorneys' fees and paralegals' fees, and other expenses that we incur to enforce this Guaranty; and (ii) interest at the Default Interest Rate (as defined in the Franchise Agreement) on any of the Obligations not paid when due.

The state and county where our principal office is located on the date the action is filed are the proper and exclusive jurisdiction and venue for any proceedings arising out of this Guaranty. Each of the undersigned consents, and waives all right to object to, the jurisdiction and venue of the federal and state courts closest to this location. We, however, may pursue any remedies in any jurisdiction and venue in which any Guarantor is located. This Guaranty is to be construed according to the internal laws of the state where our principal office is located when this Guaranty is signed, without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty on the date provided in the first paragraph of this Guaranty.

GUARANTORS:

Print Name

Signature

Print Name

Signature

Print Name

Signature

Print Name

Signature

EXHIBIT B TO UNIT FRANCHISEE FRANCHISE AGREEMENT

INDEPENDENT BUSINESS ACKNOWLEDGEMENT

I hereby acknowledge that my company, [Insert entity name of franchisee], a(n) [Insert franchisee entity state of formation/incorporation] [Insert franchisee entity type] has been awarded a franchise by [R.E.JOHNSEN,LLC a Wisconsin Limited Liability Company, (“we,” “us,” or “our”) as of January 20, 2004.

(a subfranchisor of Jan-Pro Franchising International, Inc.) for the operation of an independent commercial cleaning business under the Jan-Pro Cleaning & Disinfecting brand (a “Jan-Pro Business”). As an owner of an independent business, I:

- a. supervise, manage and control the day-to-day operation of my Jan-Pro Business and determine the methods and hours necessary to meet a cleaning account’s terms and requirements;
- b. am solely responsible for the certification, scheduling, wages, staffing and management of my employees and the terms of their employment;
- c. manage my Jan-Pro Business expenses and provide equipment, chemicals and supplies to support my Jan-Pro Business operation; and
- d. am not precluded from selling janitorial services to accounts outside of the Jan-Pro Business, which are considered non-Jan-Pro accounts, so long as I do not do so under the Jan-Pro brand and do not solicit accounts under contract with another Jan-Pro business, and I will, upon request, provide evidence of such accounts.

Neither I, nor my other Jan-Pro Business employees, are employed by or agents of R.E.JOHNSEN, LLC, Jan-Pro Franchising International, Inc., or any other Jan-Pro Franchising International, Inc. subfranchisor, and I am solely responsible for ensuring that:

- a. my Jan-Pro Business complies with federal, state and local laws pertaining to its operation and that all taxes applicable to my Jan-Pro Business, including business taxes, self-employment taxes, income taxes, social security, and payroll taxes are paid fully and on time; and
- b. any licenses and insurance that may be required to operate my Jan-Pro Business, including automobile liability and workers’ compensation insurance, must be obtained and maintained and meet minimum coverage requirements, as provided in my Jan-Pro Business franchise agreement.

I will meet all Jan-Pro Franchising International, Inc. brand standards for identifying my Jan-Pro Business and its operations as independently owned and operated, and will include specific notices of independent ownership on forms, business cards, stationery, advertising, signs and other materials. I will hold my Jan-Pro Business out as an independent business in all dealings and communications with the public.

(Signature Page Follows)

[Insert entity name of franchisee],
a(n) [Insert franchisee entity state of formation/
incorporation] [Insert franchisee entity type]

Dated: _____

By: _____

Printed Name: _____

Title: _____

Exhibit B to the Franchise Disclosure Document

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**JAN-PRO UNIT FRANCHISE OWNER CERTIFICATION MANUAL
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**JAN-PRO BRAND STANDARDS PROCEDURES MANUAL
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4	Insurance	3
5	Financial Documentation	1
6	Certification Program	1
7	Fulfillment of Your Initial Franchise Plan	2
8	Approved Supplies	1
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Exhibit C to the Franchise Disclosure Document

FINANCIAL STATEMENTS

**R. E. Johnsen LLC d/b/a
Jan-Pro of Milwaukee**

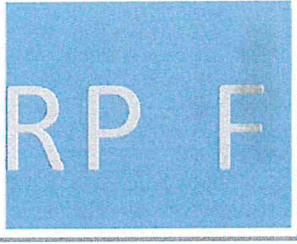
**Financial Statements
December 31, 2023**

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

FINANCIAL STATEMENTS

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Accounting Services

CPA

100 Smithfield Ave, Box 5, Pawtucket, RI 02860 Ph 401-473-9090 ferlandandcompanycpas@yahoo.com

Independent Auditor's Report

To the Stockholder RE
Johnsen, LLC
d/b/a Jan-Pro of Milwaukee
West Allis, WI

Report on the Audit of the Financial Statements

We have audited the financial statements of RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in stockholder's deficit, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee, as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle:

As discussed in note 6 to the financial statements as of January 1, 2022, the Company adopted new accounting guidance that changed the way it recognized operating leases. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee's ability to continue as a going concern for December 31, 2022.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting in 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, individual 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 GAAS, we:

- Exercise professional judgement 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 RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee's ability to continue as a going concern for a reasonable period of time.

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



Pawtucket, RI
April 28, 2023

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

BALANCE SHEETS
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,007	\$ 46,371
Accounts receivable, net (note 1)	745,648	650,336
Notes receivable, net of allowance for doubtful accounts (note 2)	294,657	256,859
Prepaid expenses, current	104	33,751
Total current assets	<u>1,041,416</u>	<u>987,317</u>
Right of use asset:		
Right of use asset, current	65,270	-
Right of use asset, net of current	356,725	-
Total right of use asset	<u>421,995</u>	<u>-</u>
Property and equipment:		
Equipment	32,399	32,399
Computer equipment	7,592	7,592
Furniture and fixtures	21,245	21,245
Total property and equipment	61,236	61,236
Less accumulated depreciation	<u>(55,539)</u>	<u>(52,559)</u>
Net property and equipment	<u>5,697</u>	<u>8,677</u>
Other assets:		
Deposit	3,487	3,487
Prepaid expenses, net of current	599	599
Franchise territory expansion	29,130	-
Notes receivable, net (Note 2)	12,726	11,767
Total other assets	<u>45,942</u>	<u>15,853</u>
Total assets	<u>\$ 1,515,050</u>	<u>\$ 1,011,847</u>

See accompanying notes to financial statements

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

BALANCE SHEETS (continued)
December 31, 2022 and 2021

LIABILITIES AND STOCKHOLDER'S DEFICIT

	<u>2022</u>	<u>2021</u>
Current liabilities:		
Bank overdraft	\$ 39,789	\$ -
Accounts payable, trade	1,055,129	952,071
Accrued expenses	167,989	138,254
Deferred revenues	24,318	12,185
	<u>1,287,225</u>	<u>1,102,510</u>
Lease obligation:		
Lease obligation, current	65,270	-
Lease obligation, net of current	356,725	-
	<u>421,995</u>	<u>-</u>
Long-term liabilities:		
Accrued expenses related to long-term assets	1,392	1,286
	<u>1,392</u>	<u>1,286</u>
Total liabilities	<u>1,710,612</u>	<u>1,103,796</u>
Stockholder's deficit:		
Additional-paid-in-capital	68,030	68,030
Accumulated deficit	(263,592)	(159,979)
	<u>(195,562)</u>	<u>(91,949)</u>
Total liabilities and stockholder's deficit	<u>\$ 1,515,050</u>	<u>\$ 1,011,847</u>

See accompanying notes to financial statements

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

STATEMENTS OF INCOME AND STOCKHOLDER'S DEFICIT
For the Years Ended December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Franchise fee revenues:			
Franchise fees	\$ 818,019	\$ 654,996	\$ 636,677
Royalty fees	1,159,357	1,065,100	948,255
Support fees	579,679	532,550	474,128
Business protection fees	579,679	532,550	474,128
Interest on financing	17,135	26,059	24,818
Other fees and reimbursements	<u>199,419</u>	<u>176,448</u>	<u>172,677</u>
Total franchise fee revenues	<u>3,353,288</u>	<u>2,987,703</u>	<u>2,730,683</u>
Agency revenue, (note 1)	<u>(19)</u>	<u>11,354</u>	<u>136,062</u>
Supply revenue:			
Sale of janitorial supplies	165,867	116,030	104,182
Cost of sales	<u>(122,643)</u>	<u>(94,643)</u>	<u>(60,519)</u>
Net supply revenue	<u>43,224</u>	<u>21,387</u>	<u>43,663</u>
Total revenue	<u>3,396,493</u>	<u>3,020,444</u>	<u>2,910,408</u>
Operating expenses:			
Corporate royalties	433,004	391,772	363,824
Payroll and related expenses	1,568,904	1,444,318	1,226,010
Occupancy	56,484	47,821	47,295
Selling, general and administrative	<u>336,750</u>	<u>291,895</u>	<u>292,894</u>
Total operating expenses	<u>2,395,142</u>	<u>2,175,806</u>	<u>1,930,023</u>
Income from operations	<u>1,001,351</u>	<u>844,638</u>	<u>980,385</u>
Other income (expenses):			
Interest income	108	37	659
Interest expense	-	(4,420)	(2,834)
Depreciation and amortization	<u>(4,200)</u>	<u>(3,111)</u>	<u>(3,352)</u>
Total other expenses	<u>(4,092)</u>	<u>(7,494)</u>	<u>(5,527)</u>
Net income	<u>\$ 997,259</u>	<u>\$ 837,144</u>	<u>\$ 974,858</u>

See accompanying notes to financial statements

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

STATEMENTS OF INCOME AND STOCKHOLDER'S DEFICIT (continued)
For the Years Ended December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net income	\$ 997,259	\$ 837,144	\$ 974,858
Distributions to stockholder	(1,100,872)	(874,800)	(964,812)
Accumulated deficit, beginning	<u>(159,979)</u>	<u>(122,323)</u>	<u>(132,369)</u>
Accumulated deficit, ending	<u>\$ (263,592)</u>	<u>\$ (159,979)</u>	<u>\$ (122,323)</u>

See accompanying notes to financial statements

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Cash flows from operating activities:			
Net income	\$ 997,259	\$ 837,144	\$ 974,858
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	2,980	3,111	3,352
Amortization	870	-	-
Change in allowance for doubtful accounts	8,098	(4,878)	(3,717)
(Increase) decrease in:			
Accounts receivable	(101,384)	47,947	(216,550)
Notes receivable	(40,783)	97,560	(80,551)
Prepaid expenses	33,647	(33,647)	-
Increase (decrease) in:			
Accounts payable	103,058	63,700	155,060
Accrued expenses	29,841	21,426	22,763
Deferred revenues	12,133	(14,698)	19,720
Net cash provided by operating activities	1,045,719	1,017,665	874,935
Cash flows from investing activities:			
Expansion of territory	(30,000)	-	-
Purchase of property and equipment	-	(2,730)	(3,772)
Net cash used by investing activity	(30,000)	(2,730)	(3,772)
Cash flows from financing activities:			
Proceeds from (payments on) SBA loan	-	(150,000)	150,000
Bank overdraft	39,789	-	(6,128)
Stockholder distributions	(1,100,872)	(874,800)	(964,812)
Net cash used by financing activities	(1,061,083)	(1,024,800)	(820,940)
Net increase (decrease) in cash	(45,364)	(9,865)	50,223
Cash, beginning of year	46,371	56,236	6,013
Cash, end of year	\$ 1,007	\$ 46,371	\$ 56,236
Supplemental information			
Interest expense	\$ -	\$ 4,420	\$ 2,834
Non-cash investing activities:			
Assets disposed	\$ -	\$ -	\$ 3,291
Accumulated depreciation	-	-	(3,291)
	\$ -	\$ -	\$ -
Change in right of use asset and lease obligation	\$ 421,995	\$ -	\$ -

See accompanying notes to financial statements

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

Nature of Business:

RE Johnsen, LLC, d/b/a Jan-Pro of Milwaukee (a Limited Liability Company electing to be taxed as an S-Corporation), was formed January 20, 2004 to engage in the business of selling cleaning service franchises in the counties of Milwaukee, Washington, Waukesha and Racine. The company owns one master franchise purchased from Jan-Pro Franchising International (JPI) that grants the company the exclusive right to sell maintenance contracts in the counties of Milwaukee, Washington, Waukesha and Racine. On March 5, 2018, the company signed an addendum to its original master franchise agreement for the additional territory of Kenosha County, which is also in Wisconsin. The cost for this additional territory was \$10,000 and is included as an addition to the master franchise fee. The company grants credit without collateral to its unit franchisees in the form of notes receivable.

In March 2011, the company was granted by the Internal Revenue Service the ability to switch their tax filing status to an S-Corporation, effective January 1, 2011 while maintaining their Limited Liability Status. As a result of the election, accumulated member's equity of \$68,030 was reclassified to additional-paid-in-capital.

Basis of Presentation:

Under FTC Rule 436 (Franchise Rule) the financial statements are presented in comparative format covering two years balance sheet and three years statements of income and stockholder's equity and cash flows for the periods included.

Revenue Recognition:

The Financial Accounting Standards Board issued ASU 2014-09 Revenue from Contracts with Customers (ASC 606), replacing almost all the previous revenue recognition guidance in US GAAP, with regards to contracts. The Company adopted the new standard on January 1, 2018.

- **The contract with the Customer:** The parties involved are RE Johnsen, LLC and the prospective franchisees, for their financial consideration, either cash and/or financing (ranging from \$8,100 to \$35,000), the franchisee will receive monthly cleaning contracts equivalent to the size plan purchased. The monthly contract has a definite value for which the franchisee will gain benefits immediately when serviced.
- **Performance obligations:** Under the franchise agreement, RE Johnsen, LLC must certify the franchisee in the standards required by Jan-Pro Franchising International, Inc. and provide the franchisee with monthly service contracts equivalent to the plan size purchased.
- **Determining the transaction price:** Included in the Franchise Disclosure Document is a plan package grid with predetermined prices that the prospective franchisee chooses from. The cost of each service level is clearly defined and the only variable in pricing is if they obtain the 10% discount for paying upfront. There is a minimal renewal fee at the end of the ten-year term.
- **Allocating the purchase price:** The allocation of the purchase price per obligation:
 - Certification 0% - the cost of certification is minimal to the Company and varies depending on the size of the group being certified and no economic benefit received.
 - Providing cleaning contract 100% - The franchisee receives direct economic benefit from the contracts provided by the company, as well as the services to be received under the agreement

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies: (continued)

Revenue Recognition: (continued)

- **Recognize Revenue:** The company recognizes revenue, Initial plan contract, as a percentage of the total monthly contracts provided / the total required monthly business.

Once the obligations under the initial plan have been fulfilled, the Company recognizes additional contracts above the initial business, referred to as upgrades, when sold to the franchisees, since the franchisee receives immediate economic benefit of the contractual obligation.

<u>Year</u>	<u>IFPs Sold</u>	<u>Gross amount of IFPs</u>	<u>Amount included in Deferred</u>	<u>Franchisees with upgrade purchases</u>	<u>Gross Amount Purchased</u>	<u>% of Total Revenues</u>
2022	32	\$ 78,880	\$ 14,971	128	\$ 757,005	24%
2021	12	35,000	5,320	107	603,389	22%
2020	26	87,150	18,452	100	561,895	22%

The Company, as part of the franchise agreement, acts as an agent on behalf of the franchisee for the invoicing and collection of payments from the cleaning customers on a monthly basis. The amounts billed on behalf of the franchisees for the years ended December 31:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Gross cleans billed	\$ 11,591,545	\$ 10,662,353	\$ 9,618,711
Gross paid to franchisees	<u>(11,591,564)</u>	<u>(10,650,999)</u>	<u>(9,482,649)</u>
	<u>\$ (19)</u>	<u>\$ 11,354</u>	<u>\$ 136,062</u>

At December 31, 2022 and 2021, the total owed to the franchisees from the cleaning contracts was \$996,684 and \$909,885, respectively, which is included in accounts payable.

The Company, as part of the franchise agreement, provides ancillary services to the franchisee for which they are reimbursed on a monthly basis. The service revenues are recognized when the cleaning services are provided by the franchisee. The Company collects a support fee of 5% and a 10% royalty fee. The Company also offers the franchisees the option to be covered by the Company's general liability policy at a rate of 5%, or carry their own policy supported by a certificate of insurance. The Company is also reimbursed for other administrative costs that are directly related to franchise operations. The ancillary revenues and reimbursements are as follows:

<u>Year</u>	<u>Ancillary Service Revenues</u>	<u>Other Fees and Reimbursements</u>	<u>% of Total Revenues</u>
2022	\$ 2,318,715	\$ 216,554	75%
2021	2,130,200	202,507	77%
2020	1,896,511	195,149	72%

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies: (continued)

Revenue Recognition: (continued)

Service fee revenue, including the 5% support fee referred to above, relating to the agency payable has been accrued totaling \$201,553 and \$184,626 and are included in accounts receivable at December 31, 2022 and 2021, respectively.

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the company considers all temporary investments with an original maturity of three months or less to be cash equivalents. At December 31, 2022 and 2021, there were no cash equivalents.

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, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable – Trade:

The company carries its accounts receivable at cost net of an allowance for doubtful accounts, if deemed necessary. Periodically the Company evaluates its receivable and establishes an allowance based on historic experience with bad debts and collections as well as current credit conditions. The Company charges off uncollectible receivables when the receivables are in collections for more than ninety days.

At December 31, 2021 and 2020, accounts receivable was as follows:

	<u>2022</u>	<u>2021</u>
Accounts receivable	550,594	466,136
Service fees receivable	201,553	184,626
Allowance for doubtful accounts	<u>(6,499)</u>	<u>(426)</u>
Net receivables	<u>\$ 745,648</u>	<u>\$ 650,336</u>

Property and Equipment:

Property and equipment is stated at cost. Depreciation is provided by using straight-line methods over the estimated useful lives of the related assets. Useful lives range from five years for office and cleaning equipment and seven years for furniture.

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies: (continued)

Income Taxes:

The company has elected under the Internal Revenue Code to be taxed as an S-Corporation. In lieu of corporate income taxes, the company's income or loss flows through to the shareholder. Therefore, no tax provision or liability for federal income taxes has been included in the financial statements. The open years available for IRS review are from 2019 through 2021.

Investment in the Master Franchise:

The investment in the master franchise agreement was amortized over a fifteen-year period and was renewed for an additional fifteen years at no cost.

2. Notes Receivable:

The company carries its notes receivable at cost net of an allowance for doubtful accounts. The Company does not hold any portion of its notes for sale. It recognizes interest revenue at a rate of 0% or 10% per annum. If the franchisee's monthly billings drop below a certain threshold, payments are suspended, and interest does not accrue until payments are resumed. Once the franchisee surpasses the threshold, payments are resumed, and interest is earned on the prior outstanding balance. If the franchisee is below the threshold, it is the Company's policy to keep the loan as current if the franchisee is servicing customers

At December 31, 2022, twenty-seven notes were outstanding with interest at 10% and monthly installments ranging from \$48 to \$161 through December 2025. Notes receivable, initial sales, at December 31, 2022 and 2021 were \$27,987 and \$29,927, respectively. In addition, the company had sixty-four franchisees with upgrade purchases financed with various monthly payments and interest at 0% to 10% through December 2023. Notes receivable, upgrades, at December 31, 2022 and 2021 were \$ and \$341,967, respectively. At December 31, 2022, the Company had no franchisees behind on payments.

The above referenced notes have scheduled maturities as follows:

Year Ending December 31:

	<u>Amount</u>	<u>Allowance</u>	<u>2022 Net</u>	<u>2021 Net</u>
2023	\$ 310,183	\$ (15,526)	\$ 294,657	\$ 256,859
2024	8,515	(500)	8,015	9,207
2025	5,402	(691)	4,711	2,560
	<u>324,100</u>	<u>(16,717)</u>	<u>307,383</u>	<u>268,626</u>
Less Current	<u>310,183</u>	<u>(15,526)</u>	<u>294,657</u>	<u>256,859</u>
	<u>\$ 13,917</u>	<u>\$ (1,191)</u>	<u>\$ 12,726</u>	<u>\$ 11,767</u>

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

NOTES TO THE FINANCIAL STATEMENTS

3. Concentrations of Credit Risk:

The company finances sales of franchises to its franchisees as described in Note 2. The company periodically evaluates the allowance of 5% based on current economic conditions and trends of its own franchisee turnover. The franchise wide minimum allowance is based on national trends of the more than fifty US markets of Jan-Pro Franchising International and appear reasonable.

The company keeps a majority of its cash with a financial institution that insures cash balances of up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC). At December 31, 2022 and 2021, the company had uninsured cash of \$113,199 and \$521,665, respectively.

4. Advertising:

Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2022, 2021 and 2020 amounted to \$52,555, \$42,020 and \$28,409, respectively.

5. Commitment:

The company pays corporate royalties to Jan-Pro Franchising International, Inc. of 10% of franchise fees and financing revenue and 3% of customer's monthly billings under a franchise agreement in effect through January 21, 2034. For the years ended December 31, 2022, 2021 and 2020, the corporate royalties paid and accrued amounted to \$433,033, \$391,772 and \$363,824, respectively.

6. Operating Lease:

In July 2015 the company entered an eighty-six-month lease for office space effective November 1, 2015 through December 31, 2022. In December 2022, the company extended their lease for office space for an additional eighty-four months through December 2029. The lease requires a base monthly payment of \$5,263 through December 2023, with an annual increase of 2.5% each January. The company signed an addendum requiring the company to pay additional CAM charge of \$101 per month beginning January 1, 2018 through the end of the lease.

The company's total rental payments were \$56,484 and \$47,821 and \$47,295 for the years ended December 31, 2022, 2021 and 2020, respectively.

Future minimum obligations for the year ending December 31:

2023	\$ 63,168
2024	64,759
2025	66,385
2026	66,045
2027	69,738
Beyond five years	<u>138,622</u>
	<u>\$ 468,717</u>

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

NOTES TO THE FINANCIAL STATEMENTS

6. Operating Lease: (continued)

In August 2018, the company upgraded the copiers and entered into new sixty-month lease with monthly base payment of \$599 plus taxes and overage copy charges, through July 2023. The lease expense for the years ended December 31, 2022, 2021 and 2020 totaled \$, \$9,271 respectively.

The future minimum payments excluding taxes and other operating costs are as follows:

Year Ending December 31:

2023	<u>\$ 4,191</u>
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The overall present value of the right to uses asset and liability at December 31, 2022 totaled \$421,995, and is based on an incremental borrowing rate of 6%.

7. Subsequent Event:

The Company has analyzed its operations subsequent to December 31, 2022, the date of financial position, through April 28, 2023, the date the financial statements were available to be issued.



Accounting Services

CPA

100 Smithfield Ave, Box 5, Pawtucket, RI 02860 Ph 401-473-9090 ferlandandcompanycpas@yahoo.com

To the Stockholder RE
Johnsen, LLC,
d/b/a Jan-Pro of Milwaukee
West Allis, WI

We hereby consent to the use of our report dated April 28, 2023, on our audits of the financial statements of RE Johnsen, LLC, d/b/a Jan-Pro of Milwaukee as of December 31, 2022 and 2021 and the related statements of income and stockholder's deficit and cash flows for each of the three years in the period ended December 31, 2022, to be made part of the franchise disclosure document and the application filed with the appropriate state authorities in the State of Wisconsin.

Pawtucket, RI
April 28, 2022

RE Johnsen, LLC

d/b/a

Jan-Pro of Milwaukee

Financial Statements

December 31, 2022

RE JOHNSEN, LLC
D/B/A JAN-PRO OF MILWAUKEE

FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Stockholder RE Johnsen, LLC

d/b/a Jan-Pro of Milwaukee West Allis, WI

Report on the Audit of the Financial Statements

We have audited the financial statements of RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in stockholder's deficit, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee, as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle:

As discussed in note 6 to the financial statements as of January 1, 2022, the Company adopted new accounting guidance that changed the way it recognized operating leases. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee's ability to continue as a going concern for December 31, 2022.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting in 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, individual 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 GAAS, we:

- Exercise professional judgement 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 RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about RE Johnsen, LLC; d/b/a Jan-Pro of Milwaukee's ability to continue as a going concern for a reasonable period of time.

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

Pawtucket, RI

April 28, 2023

JAN-PRO FRANCHISING INTERNATIONAL, INC.

**SUCCESSOR FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022 AND 2021 AND FOR THE YEAR ENDING
SEPTEMBER 30, 2022 AND FOR THE PERIOD FROM
DECEMBER 24, 2020 TO SEPTEMBER 30, 2021**

**AND CERTAIN PREDECESSOR FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2020
AND FOR THE PERIOD FROM OCTOBER 1, 2020 TO DECEMBER 23, 2020
AND FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**with
INDEPENDENT AUDITORS' REPORT**

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The Master Franchisor's Audited Financial Statements follow.



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
Jan-Pro Franchising International, Inc.

Opinion

We have audited the accompanying successor financial statements of Jan-Pro Franchising International, Inc. (the "Company"), which comprise the balance sheet as of September 30, 2022 and 2021, and the related statements of income, stockholder's equity, and cash flows for the year ending September 30, 2022, and the period from December 24, 2020 to September 30, 2021. We have also audited the predecessor balance sheet as of September 30, 2020 and the related statements of income, stockholder's equity, and cash flows for the period from October 1, 2020 to December 23, 2020 and the year ending September 30, 2020 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the successor financial position of the Company as of September 30, 2022 and 2021, and the results of the successor operations and cash flows for the year ending September 30, 2022, and the period from December 31, 2020 to September 30, 2021, and the financial position of the Company as of September 30, 2020 and the results of predecessor operations and cash flows for the period from October 1, 2020 to December 23, 2020, and for the year ending September 30, 2020 in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; 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 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 for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of **expressing** an opinion on the effectiveness of 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 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter – Related Party Transactions

As discussed in Notes 2, 6, and 8, the Company has significant transactions with related parties.

Smith and Howard

January 31, 2023

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDING SEPTEMBER 30, 2022 (SUCCESSOR)
AND FOR THE PERIOD OF DECEMBER 24, 2020 TO SEPTEMBER 30, 2021 (SUCCESSOR)
AND FOR THE PERIOD OF OCTOBER 1, 2020 TO DECEMBER 23, 2020 (PREDECESSOR)
AND FOR THE YEAR ENDING SEPTEMBER 30, 2020 (PREDECESSOR)

	<u>Successor</u> October 1, 2021 to September 30, 2022	<u>Successor</u> December 24, 2020 to September 30, 2021	<u>Predecessor</u> October 1, 2020 to December 23, 2020	<u>Predecessor</u> October 1, 2019 to September 30, 2020
Revenue				
Franchise fees	\$ 1,051,440	\$ 927,616	\$ 279,565	\$ 414,727
Royalties and advertising fund contributions	25,698,980	17,681,177	5,278,372	19,705,985
Ancillary	597,434	534,002	177,807	1,144,122
	<u>27,347,854</u>	<u>19,142,795</u>	<u>5,735,744</u>	<u>21,264,834</u>
Operating Expenses	<u>13,042,326</u>	<u>9,302,925</u>	<u>2,413,712</u>	<u>9,566,768</u>
Income from Operations	14,305,528	9,839,870	3,322,032	11,698,066
Other Income (Expense)				
Depreciation and amortization	(7,192,232)	(5,231,858)	(613,600)	(2,624,343)
Interest income	8,822	6,819	21,568	467,952
Interest expense	-	(1,851)	(18,824)	(45,305)
	<u>(7,183,410)</u>	<u>(5,226,890)</u>	<u>(610,856)</u>	<u>(2,201,696)</u>
Net Income Before (Provision) Credit for Income Taxes	7,122,118	4,612,980	2,711,176	9,496,370
(Provision) Credit for Income Taxes	<u>(1,779,608)</u>	<u>(929,624)</u>	<u>(504,411)</u>	<u>(2,028,613)</u>
Net Income	<u>\$ 5,342,510</u>	<u>\$ 3,683,356</u>	<u>\$ 2,206,765</u>	<u>\$ 7,467,757</u>

The accompanying notes are an integral part of these financial statements.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE YEAR ENDING SEPTEMBER 30, 2022 (SUCCESSOR)
AND FOR THE PERIOD OF DECEMBER 24, 2020 TO SEPTEMBER 30, 2021 (SUCCESSOR)
AND FOR THE PERIOD OF OCTOBER 1, 2020 TO DECEMBER 23, 2020 (PREDECESSOR)
AND FOR THE YEAR ENDING SEPTEMBER 30, 2020 (PREDECESSOR)

	Common Stock	Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Total
<u>Predecessor:</u>				
Balance, September 30, 2019	\$ 1,000	\$ 85,361,224	\$ 1,265,131	\$ 86,627,355
Dividends	-	-	(8,000,000)	(8,000,000)
Net Income	-	-	7,467,757	7,467,757
Balance, September 30, 2020	1,000	85,361,224	732,888	86,095,112
Cumulative Effect of Change in Accounting Policy	-	-	(299,378)	(299,378)
Net Income	-	-	2,206,765	2,206,765
Balance, December 23, 2020	<u>\$ 1,000</u>	<u>\$ 85,361,224</u>	<u>\$ 2,640,275</u>	<u>\$ 88,002,499</u>
<u>Successor:</u>				
Recapitalization (Note 9), December 24, 2020	\$ 1,000	\$ 147,849,389	-	\$ 147,850,389
Dividends	-	-	(3,007,988)	(3,007,988)
Net Income	-	-	3,683,356	3,683,356
Balance, September 30, 2021	1,000	147,849,389	675,368	148,525,757
Dividends	-	-	(13,635,244)	(13,635,244)
Net Income	-	-	5,342,510	5,342,510
Balance, September 30, 2022	<u>\$ 1,000</u>	<u>\$ 147,849,389</u>	<u>\$ (7,617,366)</u>	<u>\$ 140,233,023</u>

The accompanying notes are an integral part of these financial statements.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING SEPTEMBER 30, 2022 (SUCCESSOR)
AND FOR THE PERIOD OF DECEMBER 24, 2020 TO SEPTEMBER 30, 2021 (SUCCESSOR)
AND FOR THE PERIOD OF OCTOBER 1, 2020 TO DECEMBER 23, 2020 (PREDECESSOR)
AND FOR THE YEAR ENDING SEPTEMBER 30, 2020 (PREDECESSOR)

	<u>Successor</u> October 1, 2021 to September 30, 2022	<u>Successor</u> December 24, 2020 to September 30, 2021	<u>Predecessor</u> October 1, 2020 to December 23, 2020	<u>Predecessor</u> October 1, 2019 to September 30, 2020
Cash Flows from Operating Activities:				
Net income	\$ 5,342,510	\$ 3,680,356	\$ 2,208,765	\$ 7,497,757
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	7,192,232	5,231,233	613,600	2,624,343
Credit for deferred income taxes	(1,247,125)	4,352,676	(360,568)	(528,629)
(Increase) decrease in:				
Accounts receivable	(41,500)	251,119	(217,313)	(47,869)
Prepaid receivable	(110,196)	(330,543)	188,712	(186,050)
Notes receivable	72,210	2,751	25,471	194,827
Prepaid expenses	(46,755)	269,205	(231,858)	(34,954)
Income taxes receivable	28,759	-	-	-
Other assets	(2,137)	41,838	73,554	35,374
Increase (decrease) in:				
Accounts payable and accrued expenses	(491,582)	569,324	215,617	559,324
Deferred liabilities	(52,918)	(254,504)	286,044	67,147
Income taxes payable	259,237	-	-	-
Net Cash Provided by Operating Activities	10,643,588	13,739,890	2,789,056	10,268,040
Cash Flows from Investing Activities:				
Purchases of property and equipment	(1,036,040)	(467,533)	(24,564)	(596,000)
Advances from (to) affiliated companies	3,054,737	(10,037,337)	(2,286,833)	(2,162,318)
Net Cash Provided (Required) by Investing Activities	2,018,697	(10,444,870)	(2,311,615)	(2,658,318)
Cash Flows from Financing Activities:				
Dividends paid	(13,635,244)	(3,067,988)	-	(8,000,000)
Net Cash Required by Financing Activities	(13,635,244)	(3,067,988)	-	(8,000,000)
Net Increase (Decrease) in Cash	(904,959)	267,032	468,241	(429,378)
Cash, Beginning of Period	1,225,165	908,133	469,892	899,268
Cash, End of Period	\$ 290,206	\$ 1,225,165	\$ 908,133	\$ 469,892
Supplemental Disclosures of Cash Flow Information:				
Cash paid during the period for:				
Interest	\$ -	\$ 1,851	\$ 18,824	\$ 45,325
Income taxes	\$ 95,000	\$ 77,000	\$ 33,000	\$ 114,058
Supplemental Disclosures of Non-Cash Activity:				

Effective October 1, 2020, the Company adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606). As a result, the Company recorded non-cash transactions to increase deferred revenue on franchise sales of approximately \$365,000, decrease liabilities relating to advertising funds received in excess of advertising expenditures of approximately \$100,000, and an adjustment to deferred taxes of approximately \$89,000.

The Company is a wholly owned subsidiary of Lynn Franchising, LLC ("Lynn"). From the period of October 1, 2020 through December 23, 2020, the predecessor period, Lynn was a wholly owned subsidiary of Lynn-JP Holdings, Inc. As further discussed in Note 9, Lynn was purchased by Bobcat Holdings Group, LP on December 24, 2020. In conjunction with the acquisition, the balance sheet of the Company was adjusted to market values based upon fair market appraisals received by the Company increasing stockholder's equity by approximately \$59,648,000.

The accompanying notes are an integral part of these financial statements.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020**

NOTE 1 – DESCRIPTION OF BUSINESS

Jan-Pro Franchising International, Inc. d/b/a Jan-Pro Franchising Systems International, Inc. (the "Company") is a wholly owned subsidiary of Lynx Franchising, LLC ("Lynx"). From the period of October 1, 2020 through December 23, 2020 and for the year ending September 30, 2020, the predecessor periods, Lynx was a wholly owned subsidiary of Lynx-JP Holdings, Inc. ("Old Holdco"). As further discussed in Note 9, Lynx was purchased by MidOcean BCAT Holdings, Inc. ("BCAT"), a wholly owned subsidiary of Bobcat Holdings Group, LP ("Bobcat Holdings") on December 23, 2020. Subsequent to September 30, 2022, Lynx's name was formally changed to "Empower Brands".

The Company is engaged in the business of selling and supporting regional franchise developer ("RFD") cleaning service franchises in the United States of America and Canada. These RFDs sell and support individual franchisees to certified business owners ("CBO") within their territories and pay royalties to the Company on their operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

The accompanying financial statements include the successor balance sheet as of September 30, 2022 and 2021, and the related statements of income, stockholder's equity, cash flows for the year ending September 30, 2022 and the period from December 24, 2020 to September 30, 2021. The accompanying financials statements also include the predecessor balance sheet as of September 30, 2020 and the related successor statements of income, stockholder's equity and cash flows for the period from October 1, 2020 to December 23, 2020 and the year ending September 30, 2020.

The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Intangible Assets

The Company's RFD franchise agreements, internally developed software, trademarks, non-compete agreements and goodwill were assigned fair values based upon appraisals obtained as part of recapitalizations, including the 2021 recapitalization further discussed in Note 9. The value associated with the RFD franchise agreements, trademarks and non-compete agreements are being amortized on a straight-line basis over 5-25 years.

The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life of the RFD financing agreements, trademarks and non-compete agreements as well as whether changes have occurred to determine if all intangible assets are recoverable.

Goodwill is not amortized, but is tested for impairment using a fair value approach. If the fair value of the reporting unit is less than its carrying value, or if the fair value of the goodwill has been diminished, an impairment loss would be recorded to the extent of that difference.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets (Continued)

The Company tests for impairment as of September 30 annually. Goodwill will be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value or diminish the fair value of the goodwill. Management believes there has been no impairment of intangible assets during 2022, 2021 or 2020.

Property and Equipment

Property and equipment are recorded at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost and accumulated depreciation for property and equipment sold, retired, or otherwise disposed of are relieved from the accounts, and resulting gains and losses are recognized currently. Minor maintenance, repairs, and renewals are expensed as incurred.

Revenue Recognition

Revenues for the Company are disaggregated into the following revenue streams:

Franchise Fees

The Company sells franchises which grant RFD's a right to operate within a designated territory. These franchises are conveyed through a Franchise Agreement.

The sale of the franchises is reflected within Franchise Fees in the accompanying statements of income. Franchise fees (including renewal and transfer fees) range from \$25,000 to \$150,000.

Following execution of the Franchise Agreement, the Company agrees to provide certain initial services, including advertising material, manuals and training aids, and three weeks of training and on-site assistance. The right to operate within the territory represents the Company fulfilling its performance obligation over the Franchise Agreement. Accordingly, revenues are recognized on a straight-line basis, beginning upon grand opening of their location, over the term of the Franchise Agreement, which is 15 years. The contract liability "deferred revenue on franchise fees" represents franchise fees for franchisees that are being deferred over the remaining term of the Franchise Agreement.

As further discussed in Note 3, the Company finances the sale of RFD Franchise Agreements.

Royalties and Advertising Fund Revenues

The Company collects royalties and advertising fund contributions ranging from 3% to 4% of a franchisee's monthly revenues. Royalties and advertising fund contributions are considered variable consideration. GAAP requires variable consideration that is to be recognized over the term of the franchise agreement to be estimated at the inception of the Franchise Agreement. Deferred revenue and a receivable would normally be recognized at the inception of the Franchise Agreement based on this estimate; however, given the nature of the business, the constraints associated with estimating these fees cannot be overcome in order to determine an estimate of the variable consideration that would not be likely to result in a significant reversal. Accordingly, as allowed by GAAP, these fees are recognized in the month in which services are performed for customers.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Company grants credit to its RFD franchisees in the form of notes receivable secured by personal guarantees of the owners of the RFD franchise. At September 30, 2022, 2021 and 2020, the Company had twelve, thirteen, and nine RFD franchisee notes receivable totaling \$252,622, \$324,832, and \$353,064, respectively (See Note 3). The Company routinely assesses the financial strength of its franchisees, and as a consequence, believes its receivable credit risk exposure is limited. Therefore, the Company has not deemed allowance for collection of receivables necessary at September 30, 2022, 2021, and 2020.

The Company maintains cash balances at financial institutions that, at times are in excess of federally insured limits. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's cash management strategy. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Income Taxes

The Company does not file a separate United States federal income tax return. Its results of operations for the period ending September 30, 2022, and the period from December 24, 2020 through September 30, 2021 are included in the consolidated returns of BCAT and results of operations for the period from October 1, 2020 through December 23, 2020 and years ended September 30, 2020 are included in the consolidated returns of Old Holdco. The Company records its share of the consolidated federal and state income tax expense on a separate return basis and any consolidated income tax refundable or payable is included in the due to/from affiliated companies, and, accordingly, satisfied immediately via intercompany.

The Company accounts for income taxes in accordance with GAAP. This prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

The Company accounts for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%. The Company recognizes penalties and interest accrued related to unrecognized tax benefits in income tax expense. At September 30, 2022, the Company has no unrecognized tax benefits, and there have been no significant income tax related penalties or interest recognized in 2022, 2021 or 2020.

The Company files income tax returns in the United States federal and various state tax jurisdictions. In the normal course of business, the Company is subject to examination by the federal and state taxing authorities. In general, the Company is no longer subject to tax examinations for tax years ending before September 30, 2019.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE 3 – FRANCHISE SALES AND NOTES RECEIVABLE

At September 30, 2022, the Company is financing the sales of twelve franchises to the purchasers. The notes receivable at September 30, 2022, 2021 or 2020 contain interest rates up to 10% and mature at various dates through 2025. Outstanding principal balances under the notes receivable are scheduled to mature for the years ending September 30 as follows:

2023		\$	81,757
2024			31,880
2025			138,985
			252,622
		\$	252,622

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at September 30:

	<u>Estimated Useful Life</u>		<u>2022</u>		<u>2021</u>		<u>2020</u>
Computers and software	3-5 years	\$	919,794	\$	286,911	\$	1,592,077
Furniture and fixtures	7 years		93,677		63,896		214,006
Equipment	5-7 years		42,723		42,045		48,403
Leasehold improvements	15 years		25,499		24,010		32,536
Website development costs	3-5 years		562,347		189,138		539,984
			1,644,040		606,000		2,427,006
Less: accumulated depreciation			(464,961)		(106,538)		(1,395,956)
			\$ 1,179,079		\$ 499,462		\$ 1,031,050

Depreciation expense was \$358,423, \$106,538, \$122,168 and \$361,569, for the successor year ending September 30, 2022, and the successor period from December 24, 2020 through September 30, 2021 and the predecessor period from October 1, 2020 through December 23, 2020 and year ending September 30, 2020, respectively.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020

NOTE 5 – INTANGIBLES

Intangibles consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Franchise agreements	\$ 59,577,129	\$ 59,577,129	\$ 47,874,347
Internally developed software	3,699,360	3,699,360	-
Trademarks	2,043,364	2,043,364	2,808,769
Non-compete agreements	-	-	165,827
	<u>65,319,853</u>	<u>65,319,853</u>	<u>50,848,943</u>
Less: accumulated amortization	<u>(11,959,166)</u>	<u>(5,125,357)</u>	<u>(8,541,563)</u>
	53,360,687	60,194,496	42,307,380
Goodwill and franchise system	<u>93,020,454</u>	<u>93,020,454</u>	<u>50,170,369</u>
	<u>\$ 146,381,141</u>	<u>\$ 153,214,950</u>	<u>\$ 92,477,749</u>

Amortization expense was \$6,833,809, \$5,125,357, \$491,432, and \$2,135,391, for the successor year ending September 30, 2022, and the successor period from December 24, 2020 through September 30, 2022 and the predecessor period from October 1, 2020 through December 23, 2020 and year ending September 30, 2020, respectively.

Approximate future amortization expense for the years ending September 30 are as follows:

2023	\$ 6,834,000
2024	6,834,000
2025	6,834,000
2026	6,279,000
2027	6,279,000
Thereafter	<u>20,301,000</u>
	<u>\$ 53,361,000</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company is party to management and consulting agreements with certain members of equity groups holding ownership units of Bobcat Holdings beginning December 24, 2020 and with Old Holdco from October 1, 2018 through December 23, 2020. Additionally, the Company's Board of Directors consists of members of management of certain of the equity groups holding ownership units in Bobcat Holdings and Old Holdco. For the successor year ending September 30, 2022, and the successor period from December 24, 2020 through September 30, 2021 and the predecessor period from October 1, 2020 through December 23, 2020, and the year ending September 30, 2020, consulting and board fees approximated \$833,000, \$854,000, \$247,000 and \$831,000, respectively.

The Company periodically lends or borrows unsecured amounts due from (to) its holding company. At September 30, 2022 and 2021, amounts due from Lynx were \$5,870,341 and \$8,965,078, respectively. At September 30, 2020, amounts due from Old Holdco were \$2,411,574. Because there are no specific repayment terms relative amounts due from (to) affiliates, management classifies these amounts as long-term.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020**

NOTE 6 – RELATED PARTY TRANSACTIONS (Continued)

During 2006, the Company sold a license agreement to Jan-Pro Enterprises, LLC ("JPE"), and affiliated company. Royalties at 4% of gross profit and other income of JPE approximating \$113,000, \$63,200, \$17,800, and \$79,800 during the successor year ending September 30, 2022, and the successor period from December 24, 2020 through September 30, 2022 and the predecessor period from October 1, 2020 through December 23, 2020, and the year ending September 30, 2020, respectively, were received by the Company.

NOTE 7 – INCOME TAXES

The provision (credit) for income taxes consists of the following for following periods:

	<u>Successor</u> Year Ended <u>September 30, 2022</u>	<u>Successor</u> December 24, 2020 to <u>September 30, 2021</u>	<u>Predecessor</u> October 1, 2020 to <u>December 23, 2020</u>	<u>Predecessor</u> Year Ended <u>September 30, 2020</u>
Current:				
Federal	\$ 2,625,730	\$ 2,198,505	\$ 820,825	\$ 2,355,845
Foreign	77,432	54,038	15,844	52,630
State	<u>583,547</u>	<u>145,036</u>	<u>28,310</u>	<u>148,967</u>
	<u>3,286,709</u>	<u>2,397,579</u>	<u>864,979</u>	<u>2,557,442</u>
Deferred:				
Federal	(1,180,051)	(1,149,429)	(282,322)	(398,921)
State	<u>(327,050)</u>	<u>(318,526)</u>	<u>(78,246)</u>	<u>(129,908)</u>
	<u>(1,507,101)</u>	<u>(1,467,955)</u>	<u>(360,568)</u>	<u>(528,829)</u>
	<u>\$ 1,779,608</u>	<u>\$ 929,624</u>	<u>\$ 504,411</u>	<u>\$ 2,028,613</u>

Deferred income tax assets (liabilities) at September 30 consist of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Intangibles	\$ (13,452,455)	\$ (15,178,147)	\$ (10,722,805)
Tax over book depreciation	(298,262)	(125,961)	(176,160)
Other	<u>434,985</u>	<u>481,275</u>	<u>(70,497)</u>
	<u>\$ (13,315,732)</u>	<u>\$ (14,822,833)</u>	<u>\$ (10,969,462)</u>

The provision for income taxes differs from statutory rates primarily because of certain tax differences arising from non-deductible items, state and foreign taxes.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company has noncancelable operating leases covering certain facilities and other equipment which expire at various dates through December 2026. Future minimum lease payments for noncancelable operating leases with terms in excess of one year are as follows for years ending September 30:

2023	\$ 323,751
2024	333,471
2025	343,507
2026	353,857
2027	89,791
	<u>\$ 1,444,377</u>

Rent expense approximated \$292,181, \$225,000, \$67,000, and \$292,000, for successor year ending September 30, 2022 and the predecessor period from December 24, 2020 through September 30, 2020 and the predecessor period from October 1, 2020 through December 23, 2020 and year ending September 30, 2020, respectively.

Legal Contingencies

Certain legal actions, proceedings, and claims have been instituted or asserted against the Company. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable with assurance. It is reasonably possible that some of the legal actions, proceedings, and claims could be decided unfavorably against the Company. The Company's policy is to accrue a liability if an unfavorable outcome is probable and the amount can be reasonably estimated. Based upon currently available information, it is the opinion of management and outside counsel that any such liability resulting from these matters will not materially affect the financial position, results of operations, or liquidity of the Company.

Loan Guarantees

The Company and various other affiliates owned by Lynx have guaranteed approximately \$238,900,000 of credit facilities obtained by Lynx. Total outstanding borrowings were approximately \$235,500,000 at September 30, 2022.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022, 2021 AND 2020

NOTE 9 – RECAPITALIZATION

On December 23, 2020, Old Holdco stockholders entered into a securities purchase and sale agreement with a third party to sell/transfer 100% of the Old Holdco shares. In conjunction with this transaction, a recapitalization was completed involving the Company and each of its affiliates.

The recapitalization was structured pursuant to which a new holding company, BCAT, was formed to purchase 100% of Old Holdco shares. As a result of the recapitalization, new equity of approximately \$164,000,000 was contributed by certain new stockholders in exchange for common stock of BCAT. Lynx also obtained borrowings totaling \$141,500,000 from various financial institutions to fund the recapitalization, pay accrued expenses, redeem certain members and refinance previously existing debt.

After consideration exchanged and an appraisal/valuation of certain tangible and intangible assets of BCAT, the Company and each of its Affiliates, the opening balance sheet of the Company, effective December 24, 2020, was as follows:

Current Assets	\$ 3,530,558
Intangibles	158,340,307
Property and Equipment	198,430
Due from affiliated companies	4,750,998
Other Long Term Assets	<u>150,922</u>
Total Assets	<u>\$ 166,971,215</u>
Current Liabilities	\$ 2,830,038
Deferred Income Tax Liability	<u>16,290,788</u>
Total Liabilities	<u>19,120,826</u>
Stockholder's Equity	<u>147,850,389</u>
Total Liabilities and Stockholder's Equity	<u>\$ 166,971,215</u>

THE ATTACHED UNAUDITED FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANTS HAVE AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Jan-Pro Franchising International, Inc.
Balance Sheets

	Three Months 12/31/2022 UNAUDITED
ASSETS	
Current Assets	
Cash	\$ (217,511)
Accounts receivable	\$ -
Royalties receivable	\$ 4,405,457
Notes receivable, current portion	\$ 21,027
Due from affiliated companies	\$ -
Prepaid expenses	\$ 137,389
Other current assets	\$ 20,732,463
Total Current Assets	\$ 25,078,825
Property and Equipment, Net	\$ 931,045
Other Assets	
Intangibles and debt issue costs, net	\$ 144,672,688
Software product development costs, net	\$ -
Notes receivable, long-term portion	\$ 282,240
Due from affiliated companies	\$ -
Deposits and other assets	\$ 28,160
Total Other Assets	\$ 144,983,089
Total Assets	\$ 170,992,959
LIABILITIES	
Accounts payable and accrued expenses	\$ (2,850,213)
Deferred revenue on franchise sales	\$ 392,061
Deferred rent	\$ -
Deferred revenue on license agreement	\$ -
Due to affiliated company, current	\$ -
Other current liabilities	\$ -
Total Current Liabilities	\$ (2,458,152)
Due to affiliated company	\$ -
Deferred income taxes payable	\$ 14,822,833
EQUITY	
Common stock	\$ 1,000
Additional paid in capital	\$ 147,849,389
Retained Earnings	\$ 8,174,640
Net Income	\$ 2,603,248
Total Equity	\$ 158,628,277
TOTAL LIABILITIES AND EQUITY	\$ 170,992,958

Jan-Pro Franchising International, Inc.
Statements of Income

	Three Months 12/31/2022 UNAUDITED
Revenue	
Master franchise fees	\$ 140,690
Franchise royalties and fees	6,280,577
Ancillary	143,185
	<u>6,564,452</u>
Cost of Goods	
Equipment Purchases	<u>-</u>
Gross Profit	6,564,452
Operating Expenses	<u>1,545,103</u>
Income from Operations	5,019,349
Other Income (Expense)	
Depreciation and amortization	(1,800,158)
Interest and dividend income	28,881
Other Non Operating Expenses	(644,824)
Interest expense	-
	<u>(2,416,101)</u>
Income before Provision for Income Taxes	2,603,248
Provision for Income Taxes	<u>-</u>
Net Income	<u><u>\$ 2,603,248</u></u>

Exhibit D to the Franchise Disclosure Document
LIST OF OUR CURRENT UNIT OUTLETS

Exhibit D to the Franchise Disclosure Document
LIST OF OUR CURRENT UNIT OUTLETS

	Company Name	Active	Address	City	State	Zip Code
1	Rinse N Shine LLC	Yes	317 W Mitchell St	Milwaukee	WI	53204
2	Pro Cleaning Marisa	Yes	9125 Sura Ln	Greenfield	WI	53228
3	Martinez Cleaning System LLC	Yes	12908 W Graham	New Berlin	WI	53151
4	M&A Janitorial Services LLC	Yes	1216 W Greenfield Ave	Milwaukee	WI	53204
5	A Plus Smart Cleaning LLC	Yes	1402 Fleetfoot Dr	Waukesha	WI	53186
6	Ma Alicia Pacheco Very Clean	Yes	3514 S 8 St	Milwaukee	WI	53221
7	Pedros Cleaning System	Yes	8122 W Sheridan Ave	Milwaukee	WI	53218
8	Marquez Cleaning Services LLC	Yes	1934 S 73 St	West Allis	WI	53219
9	Ashlex Cleaning	Yes	6923 W Cleveland Ave	Milwaukee	WI	53219
10	Sandoval Cleaning Service LLC	Yes	4714 W Kinnickinnic River Pkwy	Milwaukee	WI	53219
11	Coto Cleaning Service LLC	Yes	1717 S 115 Ct #3	West Allis	WI	53214
12	Araceli Cleaning Service	Yes	3064 S 60 St	Milwaukee	WI	53219
13	Bernal Cleaning LLC	Yes	2117 S 75 St	West Allis	WI	53219
14	Sanchez Cleanup Service	Yes	2034A S 34 St	Milwaukee	WI	53215
15	Ximenas Cleaning	Yes	7523 W Bobolink	Milwaukee	WI	53218
16	Fraire Quinones	Yes	3152 S 8 St	Milwaukee	WI	53215
17	D & N Janitorial Services	Yes	271 S Sumac Ct	Summit	WI	53066
18	Pequeno Omar Vidrio LLC	Yes	5380 S 43 St	Greenfield	WI	53220
19	G&P Cleaning	Yes	512 Cambridge Ave	Waukesha	WI	53188
20	Patito Cleaning	Yes	534 N Valerie Ln #9	Addison	IL	60101
21	Monicas MG Cleaning LLC	Yes	2676 S 12 St	Milwaukee	WI	53215
22	Alvarado Cleaning Solutions LLC	Yes	4920 W Spring Ln	Brown Deer	WI	53223
23	3RS Janitorial and Cleaning	Yes	3217 S 9th Pl	Milwaukee	WI	53215
24	Master Cleaning	Yes	1947 Dixie Dr	Waukesha	WI	53189
25	V & E	Yes	3519 W Lapham St	Milwaukee	WI	53215
26	Pulidos Cleaning Services LLC	Yes	2671 S 29 St	Milwaukee	WI	53215
27	Little Star Janitorial Services	Yes	2145 S 35 St	Milwaukee	WI	53215
28	Sunshine Janitorial Services	Yes	2145 S 35 St #A	Milwaukee	WI	53215
29	AJY Cleaning LLC	Yes	4365 S Pine Ave	Milwaukee	WI	53207
30	M & V De La Torre LLC	Yes	4121 W Howard Ave	Greenfield	WI	53221

31	RA Cleaning	Yes	751 S 23 St	Milwaukee	WI	53204
32	Chiquita\'s Cleaning, LLC	Yes	2139 E. Leroy Avenue	St. Francis	WI	53235
33	Pavco Cleaning Services LLC	Yes	8700 W Cheyenne St	Milwaukee	WI	53224
34	Dora Alvarez Cleaning LLC	Yes	5828 W Silverleaf Ln	Brown Deer	WI	53223
35	Baldemar Cleaning Services LLC	Yes	2117 S 75 St	West Allis	WI	53219
36	FDM Commercial Cleaning/Fermin Rios	Yes	2425 West Tripoli Ave	Milwaukee	WI	53221
37	Julio C. Ayala Jan-Too	Yes	822 W Grange Ave	Milwaukee	WI	53221
38	La Guera Cleaning LLC	Yes	3734 W Frederica Pl	Milwaukee	WI	53215
39	Normas Cleaning LLC	Yes	759 S 25 St	Milwaukee	WI	53204
40	CleanRite LLC	Yes	3853 S Lenox St	Milwaukee	WI	53207
41	Fernandez Cleaning Services LLC	Yes	1027 S 34 St	Milwaukee	WI	53215
42	VIP Cleaning Services LLC	Yes	2056 W Warnimont Ave #6	Milwaukee	WI	53221
43	Carlos Cleaning Incorporated	Yes	914 Jackson St	Racine	WI	53404
44	Martha\'s Bright Cleaning Systems LLC	Yes	6316 N 107 St	Milwaukee	WI	53225
45	KMK Clean LLC	Yes	4780 N Calhoun Rd	Brookfield	WI	53005
46	Lunas Janitorial LLC	Yes	2250 S 16 St	Milwaukee	WI	53215
47	Diamond Shine Cleaning Solutions LLC	Yes	1559 W Lapham Blvd	Milwaukee	WI	53204
48	G y K Cleaning	Yes	9076C N 95 St	Milwaukee	WI	53224
49	Sanchez Family Cleaning Service LLC	Yes	404 S Washington	Waukesha	WI	53188
50	MKE Janitorial Services LLC	Yes	1680 S Pearl St	Milwaukee	WI	53204
51	FC Fran-Cris Cleaning Service	Yes	1659 S Pearl St	Milwaukee	WI	53204
52	Palos Altos Cleaning	Yes	1532 S 2 St	Milwaukee	WI	53204
53	Gallardo LLC	Yes	1821 W Scott St Lower	Milwaukee	WI	53204
54	JCM Cleaning Services LLC	Yes	7318 W Marine Dr	Milwaukee	WI	53223
55	Mejia Cleaning LLC	Yes	818 S 60 St	Milwaukee	WI	53214
56	Velasquez Cleaning Services LLC	Yes	2457 S 14 St #A	Milwaukee	WI	53215
57	H & S Cleaning Services	Yes	2604 S 8 St Upper	Milwaukee	WI	53215
58	ATS Residencial Cleaning Service	Yes	3955 South 76th Street	Milwaukee	WI	53220
59	Adriana Sparkle Cleaning	Yes	4114 W Howard Ave	Milwaukee	WI	53221
60	Serratos Cleaning LLC	Yes	1839 Linden Ave	Racine	WI	53403

61	Ascencio Cleaning, LLC	Yes	444 S Washington Ave #3	Waukesha	WI	53188
62	Romo Cleaning Solutions LLC	Yes	3615 W Rogers St	Milwaukee	WI	53215
63	JC Chiapas Cleaning LLC	Yes	5523 N 106 St	Milwaukee	WI	53225
64	Manuel and Nancy Munoz LLC	Yes	2603 N University Rd #C	Waukesha	WI	53188
65	BCP Cleaning	Yes	4119 W Oklahoma Ave	Milwaukee	WI	53215
66	Diamos Cleaning Services LLC	Yes	1714 W Greenfield Ave	Milwaukee	WI	53204
67	M-H Pro Clean LLC	Yes	2819 W Madison St	Waukesha	WI	53188
68	Eleame Cleaning Services LLC	Yes	1110 S 34 St	Milwaukee	WI	53215
69	Rosas Cleaning Services LLC	Yes	2253 S 33 St	Milwaukee	WI	53215
70	Lizardo Cleaning Services LLC	Yes	1362 S 59 St	West Allis	WI	53214
71	SJ Toscano Cleaning Services LLC	Yes	2803 W Burnham St	Milwaukee	WI	53215
72	Titas Cleaning Service	Yes	1336 W Dakota	Milwaukee	WI	53215
73	Sarabia\'s Cleaning LLC	Yes	1322 Lincoln St	Racine	WI	53402
74	Shade Cleaning Services LLC	Yes	4452 South 15th Place	Milwaukee	WI	53221
75	Joseph Fast Solution Cleaning Services LLC	Yes	3114 W Scott St	Milwaukee	WI	53215
76	Maria C Ramirez Fresh As A Daisy	Yes	3250 S 22 St	Milwaukee	WI	53215
77	Quick Clean Force	Yes	1958 S 7 St	Milwaukee	WI	53204
78	Shalom Cleaning Services	Yes	512 S 74 St	Milwaukee	WI	53214
79	Roldan Cleaning	Yes	2426 W Morgan Ave	Milwaukee	WI	53221
80	Jasso & Sons Contractors LLC	Yes	1023 S 25 St	Milwaukee	WI	53204
81	Karlas Cleaning LLC	Yes	3030 W Rogers St	Milwaukee	WI	53215
82	Arturo Cleaning LLC	Yes	3251 S 107 St	Milwaukee	WI	53227
83	1 Cleaners LLC	Yes	2546 S 34 St	Milwaukee	WI	53215
84	Cesars Fresh Start Cleaning LLC	Yes	314 Coolidge Avenue	Waukesha	WI	53186
85	Aldo Ortiz Borunda	Yes	3738 South Marcy Street	Milwaukee	WI	53220
86	Martins Cleaning LLC	Yes	2419 S 13 St	Milwaukee	WI	53215
87	M&R Magic Hands Cleaning LLC	Yes	429 Susan Ct	Hartford	WI	53027
88	Davids Cleaning LLC	Yes	1983 S 76 St	West Allis	WI	53219
89	Jaliscos Snow Cone llc	Yes	4221 S 10 St	Milwaukee	WI	53221
90	Rosi Rose Cleaning LLC	Yes	1549 S 36 St	Milwaukee	WI	53215

91	Gomez Brothers Cleaning, LLC	Yes	9060D N 95 St	Milwaukee	WI	53224
92	Familia Gomez Cleaning LLC	Yes	318A N 34 St	Milwaukee	WI	53208
93	O&P Commercial Cleaning Service LLC	Yes	2522 S 12 St	Milwaukee	WI	53215
94	Daniela Cleaning Services LLC	Yes	3807 S 13 St	Milwaukee	WI	53221
95	Cleaning Carmen LLC	Yes	2039 S 26 St	Milwaukee	WI	53204
96	Clean Track Janitorial Services LLC	Yes	425 Carpenter Pl	Waukesha	WI	53186
97	Munoz Cleaning Services LLC	Yes	832 Delaware Ave #H	Grafton	WI	53024
98	Ultra Shine Cleaning LLC	Yes	2120 S 11 St	Milwaukee	WI	53215
99	M-A-S Cleaning	No	3665 S 60 St	Milwaukee	WI	53220
100	D & S Cleaning Solutions LLC	Yes	1310 S 17 St	Milwaukee	WI	53204
101	Yuriria Cleaning LLC	Yes	3224 S 13 St	Milwaukee	WI	53215
102	Handy Janitorial Service LLC	Yes	1107 S 34 St	Milwaukee	WI	53215
103	JM Services	Yes	3140 S 39 St	Milwaukee	WI	53215
104	Magic Cleaning Service	Yes	5557 S 110 St	Hales Corners	WI	53130
105	Power Cleaning Services LLC	Yes	2114A S 29 St	Milwaukee	WI	53215
106	Bright Star Cleaning LLC	Yes	929 W Ohio Ave	Milwaukee	WI	53215
107	Emanuel LLC	Yes	1240A W Madison St	Milwaukee	WI	53204
108	Zero Germs Cleaning LLC	Yes	1901 W Morgan Ave #A	Milwaukee	WI	53221
109	ED & GO Cleaning LLC	Yes	1537 S Grand Ave	Waukesha	WI	53189
110	West Bend Janitorial Services	Yes	2487 Wallace Lake RD	West Bend	WI	53090
111	Angels Janitorial Services	Yes	2228 W Howard Ave	Milwaukee	WI	53221
112	Let Us Do It For You LLC	Yes	2003 S 29 St	Milwaukee	WI	53215
113	Perez Prado Cleaning Services LLC	Yes	800 S 60 St	West Allis	WI	53214
114	Easy Clean Janitorial Services LLC	Yes	3217A S 9 Pl	Milwaukee	WI	53215
115	Mari & Family Cleaning LLC	Yes	2402 S 18 St	Milwaukee	WI	53215
116	Ocean Clean Services LLC	Yes	2364 S 13 St	Milwaukee	WI	53215
117	PG Smart Cleaning LLC	Yes	12337 W. Dearbourn Ave.	Wauwatosa	WI	53226
118	Huerta Cleaning Services LLC	Yes	1915 S Winona Ln	Milwaukee	WI	53204
119	JM Quality Services LLC	Yes	1316 Wayne Rd	West Bend	WI	53090
120	Susis Cleaning LLC	Yes	1925 N 54 St	Milwaukee	WI	53208

121	E & JJ Cleaning LLC	Yes	3320A W Grant	Milwaukee	WI	53215
122	Haro Cleaning Service LLC	Yes	373 Dodie Dr	Waukesha	WI	53169
123	H&B Dominguez Cleaning Services	Yes	1915 S Grand Ave	Waukesha	WI	53189
124	Artigas Cleaning Services LLC	Yes	1522 S 9 St	Milwaukee	WI	53204
125	Lira's Cleaning LLC	Yes	2348 South 29th Street	Milwaukee	WI	53215
126	Barojas Cleaning LLC	Yes	1010 West Becher St	Milwaukee	WI	53219
127	JAAWS CLEANING SERVICE	Yes	5329 W. Arizona St	Milwaukee	WI	53219
128	First Call Janitorial Services LLC	Yes	2101 B Kensington Drive	Waukesha	WI	53188
129	Ramirez Janitorial Services LLC	Yes	132 W Uncas Ave	Milwaukee	WI	53207
130	Miguels Cleaning LLC	Yes	1319 South 11th Street	Milwaukee	WI	53204
131	MC Power Cleaning LLC	Yes	13153 W 21st Street	Wadsworth	IL	60083
132	B&A Cleaning Services LLC	Yes	3408 W. Ruskin Street	Milwaukee	WI	53215
133	Real Neat Cleaning Services	Yes	2136 S 23 St	Milwaukee	WI	53215
134	Kendya Cleaning LLC	Yes	2850A S 12 St	Milwaukee	WI	53215
135	M & R Cleaning Service LLC	Yes	900 S 23 St	Milwaukee	WI	53204
136	Williams Commercial Cleaning LLC	Yes	5822 W Walker St	Milwaukee	WI	53214
137	RM Cleaning Service	Yes	1838 North Oakland Ave Apt9	Milwaukee	WI	53202
138	Ascending LLC	Yes	2116 W Layton Avenue	Milwaukee	WI	53221
139	NO COMPANY NAME	Yes	1305 South 19th Street	Milwaukee	WI	53204
140	Luli's Cleaning LLC	Yes	1938 South 84th Street	West Allis	WI	53227
141	NO COMPANY NAME	Yes	9020A N 95th Street	Milwaukee	WI	53224
142	JF Cleaning LLC	Yes	3722 South 52nd Street	Milwaukee	WI	53220
143	R&M Cleaning Solutions LLC	Yes	6425 W Norwich Ave	Greenfield	WI	53220
144	J & G Commercial Cleaning LLC	Yes	1201 S 47 St	West Milwaukee	WI	53214
145	NO COMPANY NAME	Yes	1116 Phoenix Drive	Waukesha	WI	53186
146	Purity Professionals LLC	Yes	2721 W Reichert PL	Milwaukee	WI	53209
147	Casva Cleaning and Disinfecting	Yes	1576 W Oklahoma Ave	Milwaukee	WI	53215
148	ADYS CLEANING SOLUTIONS LLC	Yes	2358 South 31st Street	Milwaukee	WI	53215
149	Mazy Cleaning Service LLC	Yes	3249 N 30 St	Milwaukee	WI	53216

EXHIBIT E: Former Franchisees who are considered separated due to having been terminated, been reacquired, left the system, or transferred their agreement

1	Esqueda Cleaning Service	No	2482 S 7 St	Milwaukee	WI	53215
2	J & C Deep Cleaning Services LLC	No	1422 E Racine Ave	Waukesha	WI	53186
3	MGB Assets LLC	No	3812A E Edgerton Ave	Cudahy	WI	53110
4	MJ Cleaning Services	No	3754 N 97 Pl	Milwaukee	WI	53222
5	Plus Cleaning Services LLC	No	910 South 24th Street	Milwaukee	WI	53204
6	Clean Max Services LLC	No	1806 Arcturus Ave	Racine	WI	53404
7	A Plus Cleaning LLC	No	1628 Carlisle Ave	Racine	WI	53404
8	ABR Cleaning LLC	No	2045 S 15 Pl	Milwaukee	WI	53204
9	Maid To Shine Cleaning Associates LLC	No	2940 S 35 St	Milwaukee	WI	53215
10	J & I Painting LLC	No	1010 W Becher	Milwaukee	WI	53215
11	Alcala Cleaning Services LLC	No	3250 S 22 St	Milwaukee	WI	53215
12	EM CLEANING LLC	No	1901 West Morgan Ave	Milwaukee	WI	53221
13	Romo Cleaning	No	2068 South 32nd Street	Milwaukee	WI	53215
14	Sasha Shianni LLC	No	4145 N 78th Ct	Milwaukee	WI	53222

Exhibit F to the Franchise Disclosure Document

FRANCHISEE DISCLOSURE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

We need to make sure that you understand your Franchise purchase. You must honestly answer the below questions.

1. Have you personally reviewed your Franchise Agreement and each of its exhibits?

Yes No

2. Do you understand all of the Franchise Agreement and each of its exhibits?

Yes No

If “No,” what parts of the Franchise Agreement do you not understand?
(Attach additional pages, if necessary.)

3. Have you personally reviewed our Franchise Disclosure Document (“FDD”)?

Yes No

4. Do you understand all of the information in this FDD?

Yes No

If “No,” what parts of the FDD do you not understand? (Attach additional pages, if necessary.)

5. Have you discussed the benefits and risks of operating a Unit Franchise business with an attorney, accountant or other professional advisor?

Yes No

6. Do you understand those risks?

Yes No

7. Do you understand that the success or failure of your business will depend mostly on your skills and abilities, competition from other businesses, labor and supply costs, and other economic and business factors?

Yes No

8. Has any employee or other person speaking for us made any statement or promise about your Franchise that is contrary to or different from the information in our FDD?

Yes No

9. Has any employee or other person speaking for us made any statement or promise about the amount of money or profit/revenue you may earn in operating your Franchise that is different from what is in Item 5 of our FDD?

Yes No

10. Has any employee or other person speaking for us made any statement, promise or agreement about the assistance that we will furnish to you that is different from the information in the FDD?

Yes No

If you have answered "Yes" to any of questions 8 through 10, please provide a full explanation of your answer in the following blank lines. (Attach additional pages if necessary and refer to them below.) If you have answered "No" to each of these questions, please leave the following lines blank.

11. Do you understand that our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us and not you and them?

Yes No

You understand that we will rely on your answers to these questions. By signing this Franchisee Disclosure Questionnaire, you represent that you have honestly answered each question.

Name of Franchisee/Applicant:

Date: _____, 20__

Exhibit G to the Franchise Disclosure Document

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

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

State	Effective Date
California	NA
Hawaii	NA
Illinois	NA
Indiana	NA
Maryland	NA
Michigan	NA
Minnesota	NA
New York	NA
North Dakota	NA
Rhode Island	NA
South Dakota	NA
Virginia	NA
Washington	NA
Wisconsin	4/30/2022

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit H to the Franchise Disclosure Document

ITEM 23 RECEIPT

ITEM 23 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 R.E.JOHNSEN, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws (including Michigan, New York and Rhode Island) require R.E.JOHNSEN, LLC to provide this disclosure document to you at the first personal meeting held to discuss the franchise sale or at least ten business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If R.E.JOHNSEN, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, or the authorized state administrator listed in Item 1. Our registered agent authorized to receive service of process is listed in Item 1.

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

Marilisa Gonzalez, 10150 West National Avenue, Ste 201, West Allis, WI 53227 #414-897-0536

Issuance Date: April 30, 2023

I have received a disclosure document issued April 30, 2023, that included the following Exhibits:

Exhibit A	Franchise Agreement
Exhibit B	Table of Contents to Operations Manual
Exhibit C	Financial Statements
Exhibit D	List of Our Current Unit Outlets
Exhibit E	List of Our Former Unit Outlets
Exhibit F	Franchisee Disclosure Questionnaire
Exhibit G	State Effective Dates
Exhibit H	Receipt

Date

Signature

Printed Name

Entity

Title

Return one copy of the signed receipt by signing, dating, and mailing; or by faxing or emailing (as an attachment) a copy of the signed receipt to Marilisa Gonzalez 10150 National Avenue, Ste. 201, West Allis, WI 53227 at fax #414-882-7682 or lisa.gonzalez@jan-pro.com]. You may keep the second copy for your records.

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