



FRANCHISE DISCLOSURE DOCUMENT

JANI-KING FRANCHISING, INC.

A TEXAS CORPORATION

16885 Dallas Parkway

Addison, Texas 75001

(972) 991-0900

The franchise is for a business that will sell and support franchise businesses that will, in turn, provide comprehensive, commercial cleaning and maintenance services.

The total investment necessary to begin operation of a Jani-King regional franchise ranges from \$169,476 to \$2,882,226 (or greater depending on the amount of the initial franchise fee charged), as described further in Item 5. This includes (a) an amount which ranges from \$100,000 to \$2,700,000 (or greater depending on the initial franchise fee charged), as described further in Item 5 and Item 7, that must be paid to us or our affiliate; and (b) an amount ranging from \$69,476 and \$182,226 (which includes other initial investments costs, including those costs that may (but need not) be paid to us or our affiliates). The Initial Franchise Fee charged is not identical for all regional franchises. The minimum Initial Franchise Fee for a regional franchise is \$100,000. The formula for calculating the fee above the minimum amount is approximately U.S. \$50,000 for each 100,000 of population for the described territory, a portion of which may be financed

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.**

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

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

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

Issuance Date: August 16, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 litigation only in Texas. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to or litigate with the franchisor in Texas than in your own state.
2. **Minimum Royalty Requirement**. You must maintain minimum gross revenue performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

TABLE OF CONTENTS

ITEM		PAGE
1	The Franchisor, and any Parents, Predecessors and Affiliates	1
2	Business Experience	3
3	Litigation	4
4	Bankruptcy	13
5	Initial Franchisee Fee	13
6	Other Fees	14
7	Estimated Initial Investment	22
8	Restrictions on Sources of Products and Services	26
9	Franchisee's Obligations	28
10	Financing Arrangements	30
11	Franchisor's Assistance, Advertising, Computer Systems and Training	31
12	Territory	39
13	Trademarks	40
14	Patents, Copyrights and Proprietary Information	41
15	Obligation of the Regional Franchisee to Participate in the Actual Operations of the Franchise Business	43
16	Restrictions on What the Franchisee May Sell	43
17	Renewal, Termination, Transfer and Dispute Resolution	44
18	Public Figures	50
19	Financial Performance Representations	50
20	Outlets and Franchise Information	51
21	Financial Statements	57
22	Contracts	58
23	Receipt	58

EXHIBITS:

- A. Regional Franchise Agreement
- B. Promissory Note and Guarantee
- C. Office and Advertising Supplies
- D. Table of Contents for Manuals
- E. Financial Statements and Guarantee of Performance
- F. Lists of Franchisees
- G. List of State Administrators
- H. Software License Agreement
- I. Net Worth Acknowledgment
- J. General Release
- K. State Effective Dates Page
- L. Receipts of Franchise Disclosure Document

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

The Franchisor, its Parents and Predecessors

JANI-KING FRANCHISING, INC., is the franchisor. The franchisor will be referred to in this disclosure document as “we”, “us” or “our”. “You” means a person who buys a franchise from us and includes a corporation, limited liability company, partnership or other business entity through which the franchise will be owned. Our Regional Franchise Agreement also will apply to your owners, members, principals, officers and directors of the corporation, limited liability company, partnership or other business entity. If you are married and your spouse is not a principal in the franchise business, certain provisions of our Regional Franchise Agreement will also apply to that spouse. “Regional Franchisee” when used in this franchise disclosure document refers to you if you buy a Regional Franchise and to other regional franchisees similarly situated.

We are a Texas corporation incorporated on October 1, 1985. Our principal business address is 16885 Dallas Parkway, Addison, Texas 75001. We conduct business under our corporate name and under the trade and service mark “JANI-KING” and associated logos and designs (collectively called “Trademarks”). Our agent for service of process is CT Corporation System located at 350 North St. Paul Street, Dallas, Texas 75201.

James A. Cavanaugh, Jr. founded JANI-KING as a janitorial service company in Oklahoma City, Oklahoma, in 1969, and developed the JANI-KING cleaning methods during the period from 1969 to 1974 and began selling JANI-KING franchises in Oklahoma in 1974. We have been offering JANI-KING regional franchises since October of 1985. We have at no time operated a business of the type being offered to you or of any type other than offering franchises of the type we are offering you, and we have at no time offered franchises in any other lines of business.

We are a wholly owned subsidiary of JANI-KING INTERNATIONAL, INC., which will be referred to in this franchise disclosure document as “JK INT’L.” JK INT’L is a Texas corporation, incorporated on October 1, 1985 and is a wholly owned subsidiary of JAC Holdings, LLC, a holding company and Texas limited liability company, which was formed on November 21, 2007. JAC Holdings, LLC and JK INT’L each have their principal business address at 16885 Dallas Parkway, Addison, Texas 75001.

Neither JK INT’L, nor JAC Holdings, LLC directly engages in the business of franchising comprehensive commercial cleaning businesses, and neither offers any franchises substantially similar to our business. JAC Holdings, LLC is a holding company. JK INT’L does provide significant support, administrative and management services to the various operating affiliates who operate corporate regional offices similar to your franchise. Neither JAC Holdings, LLC nor JK INT’L has offered franchises in other lines of business.

We do not have any predecessors required to be disclosed in this Item 1. JANI-KING has offered regional franchises similar to the one being offered under this Franchise Disclosure Document since 1974.

Our Affiliates

The following list sets forth affiliates (“Corporate Region Subs”) that are wholly owned subsidiaries of Jani-King, Inc., which will be referred to in this franchise disclosure document as “JKI.” The Corporate Region Subs offer Unit Franchises in other territories similar to the type offered by Regional Franchisees. All of the Corporate Region Subs are Texas corporations, and all of them share our principal business address. Each of the Corporate Region Subs conducts a business of the type to be operated by you, but not in the same territory as you. The chart below shows how long each Corporate Region Sub has conducted that business and how long they have offered Unit Franchises. None of the Corporate Region Subs have offered franchises in other lines of business.

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

Our affiliate, Jani-King Leasing Corporation (“LEASING”) is a Texas corporation incorporated on December 21, 1981. LEASING shares our principal business address. LEASING leases commercial cleaning equipment to franchisees operating JANI-KING franchises. It neither conducts the type of business you will operate nor offers franchises providing the type of business you will operate or any other type of business.

Our affiliate, Jani-King Insurance Services, LLC (“JK INSURANCE”) is a Texas limited liability company formed on June 15, 2010. JK INSURANCE shares our principal business address. JK INSURANCE is a licensed insurance producer that provides certain services to our franchisees. It neither conducts the type of business you will operate nor offers franchises providing the type of business you will operate or any other type of business.

Our Franchise Program

We grant franchises to independent operators as Regional Franchisees who will license sub-franchises (“Unit Franchises”) to independent franchisees who, along with the Regional Franchisee, will be licensed to use the JANI-KING trademarks, trade names, service marks, programs, materials, and procedures in the performance of complete cleaning and/or

maintenance related services, including, but not limited to, commercial, industrial, institutional and residential cleaning and/or maintenance services on a daily, weekly, or monthly schedule, as well as the sale, leasing or distribution of supplies and equipment, and the providing of such specialty services such as carpet care, floor care, window washing, wall cleaning, or programs of cleaning, sanitizing, deodorizing, and other related cleaning and/or maintenance services in various industries. You will be required each year to produce to us a list of all of the Unit Franchises sold by you and the most current contact information for each Unit Franchisee, along with any other information we request regarding such Unit Franchisees.

The Market

You will be competing with other national and local businesses offering janitorial and maintenance franchises, products, and services. Your individual franchisee owners' products and services will be offered to the general public for commercial, industrial, institutional, and residential properties. These Unit Franchises will be competing with national and local businesses offering janitorial and maintenance services. The market for commercial cleaning services is developed in some areas and developing in others, depending on the existing businesses in the particular area.

Regulations

You, as a Regional Franchisee, will be required to prepare a franchise disclosure document for the offer and sale of Unit Franchises and register it with certain states, if applicable.

You must be familiar with local, county, state, and federal laws which apply generally to the janitorial and cleaning industries. These laws may include federal, state and local regulations concerning health, discrimination, employment, sexual harassment, and advertising. In addition, the laws, rules and regulations which apply to businesses in general will affect you. Consult your lawyer about them. We do not represent that you will have the ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for you to carry out the activities contemplated by the Franchise Agreement.

There are no regulations specific to the operation of a JANI-KING franchise, other than those affecting businesses generally.

ITEM 2 BUSINESS EXPERIENCE

Our Officers and Directors

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

Mr. Cavanaugh has served as the President, Chief Executive Officer, and Secretary for us, JK INT'L, JKI, LEASING, and each of the Corporate Region Subs except for Jani-King of Pittsburgh, Inc. (for which he serves as only President and Secretary), since December 2021. Mr. Cavanaugh has also served as a Director for us, each of the Corporate Region Subs, JK

INT'L, JKI, LEASING, and INSURANCE since each company's respective date of formation. Mr. Cavanaugh served as Vice President and Secretary of us, each of the Corporate Region Subs, JK INT'L, JKI, and LEASING from December 1994 to December 2021. He has also served as Vice President of INSURANCE since its formation in June 2010. Mr. Cavanaugh serves in these capacities in our office in Addison, Texas.

Chief Operating Officer: John Crawford

Mr. Crawford has been our Chief Operating Officer since December 2021 and Chief Operating Officer of JK INT'L since May 2021. Mr. Crawford has also served as the Chief Operating Officer of JKI and each of the Corporate Region Subs, except for Jani-King of Pittsburgh, Inc., since December 2021. Mr. Crawford has also served as the Co-President and Secretary of Opportunity Franchising, Inc, and C&C Nevada, LLC since April 2021. Mr. Crawford serves in these capacities in our office in Addison, Texas. Prior to joining JK INT'L, Mr. Crawford was the District/Area Sales Manager of Eli Lilly & Company from May 1998 to May 2021 in Flower Mound, Texas.

Assistant Secretary: Lauren M. Rambo

Ms. Rambo has been affiliated with JANI-KING since February 1994, when she was hired as the Executive Assistant to the Chairman of JK INT'L. Ms. Rambo has also served as our Assistant Secretary since September 2009. She has also served as Assistant Secretary of the Corporate Region Subs, JKI, JK INT'L, and LEASING since September 2009. Ms. Rambo serves in these capacities in our office in Addison, Texas.

Vice President – Education & Training of JK INT'L: Theodore “Ted” Looney

Mr. Looney has served as the Vice President – Education and Training for JK INT'L since February 2018 and is based in Addison, Texas. Prior to his current position, he served as the Vice President – International Regional Franchisors of JK INT'L from August 2011 to January 2018 in Addison, Texas.

ITEM 3 LITIGATION

Pending Litigation.

United States Department of Labor vs. Jani-King of Oklahoma, Inc. (Civil Action No. CIV-16-1133-W, United States District Court, District of Western Oklahoma). On September 29, 2016, the U.S. Department of Labor filed a Complaint alleging that Defendant has mischaracterized its franchisees as independent contractors and thus, violated the record keeping requirements of the Fair Labor Standards Act. The Department of Labor is seeking a permanent injunction relating to such allegations and a monetary award for the Department's costs relating to the action. On March 20, 2017, the Court granted Defendant's motion to dismiss the claims without prejudice and granted the Department of Labor 21 days' leave to amend its complaint. The Department of Labor filed an Amended Complaint on April 20, 2017. On June 9, 2017, the Court granted Defendant's motion to dismiss the Amended Complaint with prejudice. The Department of Labor appealed the ruling to the 10th Circuit Federal Court

of Appeals and oral arguments were held in May 2018. On October 3, 2018, the 10th Circuit reversed the ruling and remanded the case back to the District Court. After discovery was conducted, each party filed a Motion for Summary Judgment. On November 25, 2020, the Court granted Defendant's motion to stay the case after a proposed new rule was issued by the U.S. Department of Labor regarding independent contractor status. Although a final rule was published in January 2021 and was scheduled to take effect in March 2021, the rule was later postponed and ultimately withdrawn on May 6, 2021, without taking effect. On June 23, 2021, the Court vacated the stay and indicated the Court would take up the pending motions for summary judgment in due course. Defendant denies all allegations and continues to defend itself against the claim.

Past Litigation.

Atlas Ventures International, LLC, Osasuyi Amadasun and Josephine Amadasun v. Jani-King of Minnesota, Inc. and Tom Schellinger (File No. 27-CV-13-12776, District Court, Fourth Judicial District, Hennepin County, Minnesota). On May 24, 2013, Plaintiffs, a franchisee of Jani-King of Minnesota, Inc. and its two members, initiated this action against Jani-King of Minnesota, Inc. and Tom Schellinger, an employee of Jani-King of Minnesota, Inc. Plaintiffs alleged violations of the Minnesota Franchise Act, fraud and misrepresentation, material breach of contract, estoppel, and unjust enrichment. On March 31, 2014, the parties agreed to a settlement of all claims whereby Jani-King of Minnesota, Inc., without admitting any liability, agreed to repurchase the franchise owned by Atlas Ventures International, LLC for \$29,500.00 and Plaintiffs agreed to dismiss all claims against Defendants, with prejudice.

Vincent DeGiovanni, and all others similarly situated v. Jani-King International, Inc., Jani-King, Inc. and Jani-King of Boston, Inc. (Case Number 07 CA 10066 RCL, United States District Court, District of Massachusetts). On January 12, 2007, Plaintiffs filed a class action against JK INT'L and Jani-King of Boston, Inc. alleging unfair and deceptive business practices under Chapter 93A of the Massachusetts General Laws (Count I), breach of contract (Count II), rescission of contract (Count III), misrepresentation (Count IV), quantum meruit (Count V), and unjust enrichment (Count VI). On April 16, 2007, Plaintiffs filed an Amended Complaint, which added Jani-King, Inc. as a defendant, and added claims for violation of the Massachusetts Independent Contractor Laws (Count VII) and wage law violations (Count VIII). Plaintiff sought class certification, unspecified damages, statutory trebling of damages, and other unspecified damages. On September 21, 2009, the court granted Plaintiffs' motion to certify employment classification claims. On October 28, 2009, Plaintiffs filed a Second Amended Complaint, which dropped the breach of contract (Count II), rescission of contract (Count III), misrepresentation (Count IV) quantum meruit (Count V) and unjust enrichment (Count VI) claims, and reasserted the unfair and deceptive business practices under Chapter 93A of the Massachusetts General Laws (Count I), violation of the Massachusetts Independent Contractor Laws (previously Count VII, new Count II) and wage law violations (previously Count VIII, new Count III). On April 13, 2010, the parties filed a Joint Stipulation to Dismiss the Chapter 93A Claims Without Prejudice, which dismissed the unfair and deceptive business practices claims filed under Chapter 93A of the Massachusetts General Laws (Count I). The Notice of Class Action Lawsuit was sent on September 8, 2010. On July 15, 2011, Plaintiffs moved for Summary Judgment on their claim that Defendants had violated the Massachusetts Independent Contractor Laws. Plaintiffs argued that they were entitled to Summary Judgment

on violation of the Massachusetts Independent Contractor Laws because there was no question of material fact that Defendants failed to satisfy Prong B of the so called “ABC Test,” which is the test the Commonwealth of Massachusetts uses to determine whether a worker is appropriately characterized as an independent contractor. Prong B requires that a purported employer prove that a worker provided service which is outside the usual course of the business of the employer of the employment classification claims. On August 12, 2011, Defendants filed motions to decertify the class and for Summary Judgment on violation of the Massachusetts Independent Contractor Laws. On June 8, 2012, the Court allowed Plaintiffs’ Summary Judgment on the Prong B of the violation of the Massachusetts Independent Contractor Laws, denied Defendants’ Summary Judgment on the Prong B of the employment classification claims, and denied Defendants’ motion to decertify the class, in effect ruling that the Defendants had mischaracterized the class member Plaintiffs in this case as independent contractors. On August 1, 2012, the case was ordered administratively closed for mediation. On March 14, 2014, the parties filed a Settlement Agreement with the Court, pursuant to which, and without admitting liability, the Defendants agreed to pay a class settlement totaling \$7,500,000 payable over a four-year period. The Court granted final approval of the Settlement Agreement on August 8, 2014.

Edward Shanley v. Jani-King International, Inc., Jani-King, Inc. and Jani-King of Boston, Inc. (Case Number 1:12-cv-12146-MLW, United States District Court, District of Massachusetts). On September 21, 2012, Plaintiff filed a purported class action in the Superior Court of Massachusetts against JK INT’L, Jani-King, Inc. and Jani-King of Boston, Inc. alleging employment classification claims, including violation of Massachusetts independent contractor law and wage law violations. On November 16, 2012, Defendants removed the case to the United States District Court, District of Massachusetts. The case is an extension of the remaining employee misclassification claims in *De Giovanni* described above, which was filed after the parties in *De Giovanni* did not agree to extend the class period in that case. On April 4, 2014, the Court granted the parties joint motion to consolidate this case with the *De Giovanni* case. The parties agreed to settle this case, without any admission of liability, as a part of the class action settlement discussed in the *De Giovanni* summary above.

Tervon, LLC, Sunyata K. Little and Eleanor E. Little, and Mario Gutierrez v. Jani-King of California, Inc. and Jani-King International, Inc. (Case No. 3:14-CV-00367-BEN-JMA, United States District Court for the Southern District of California). Plaintiffs, former franchisees of Jani-King of California, Inc., originally filed this case in the Superior Court of San Diego County, California on January 15, 2014; however, on February 13, 2014, Defendants removed the case to the United States District Court for the Southern District of California. Plaintiffs filed an amended complaint on March 18, 2014, alleging fraud/deceit by intentional misrepresentation, violations of California Civil Code §§ 1709 and 1710, fraud/deceit by concealment, negligent misrepresentation, breach of contract, breach of implied covenant of good faith and fair dealing, violations of California Business Code § 17200 et seq., and intentional infliction of emotional distress, and seeking Declaratory Relief. On or about January 7, 2016, the parties reached a settlement as to all claims whereby Jani-King of California, Inc., without admitting any liability, agreed to repurchase the franchises owned by Plaintiffs, pay \$30,000 to Mario Gutierrez, \$61,000 to Sunyata K. Little and Eleanor E. Little, and \$85,000 to Tervon, LLC, and Plaintiffs agreed to dismiss all claims against Defendants, with prejudice, and the parties executed mutual releases.

John Fuller, Maqunair, Rodrigues de Freitas, and Adilson Dos Santos v. Syatt Franchising, Inc. d/b/a Jani-King of Greater Rhode Island, Jani-King International, and Jani-King, Inc. (Case No. 1:15-cv-00438-M-LDA, United States District Court, District of Rhode Island). On October 19, 2015, Plaintiffs (who are unit franchisees of the Jani-King regional franchisor, Defendant Syatt Franchising, Inc.) filed a purported class action against Defendants alleging unjust enrichment, worker misclassification and wage violations in connection with Syatt Franchising, Inc.'s operations in the Commonwealth of Massachusetts. Jani-King International, Inc. and Jani-King, Inc. were not served with notice of the lawsuit until February 2016. The parties reached a settlement agreement pursuant to which, and without admitting liability, the Defendants would agree to pay a class settlement totaling \$450,000 over a two-year period. The Court's approved the settlement on August 17, 2017.

Pamela Myers, Darryl Williams, Wyatt Seals v. Jani-King International, Inc., Jani-King, Inc., and Jani-King of Philadelphia, Inc. (Case Number 090303550, United States District Court, Eastern District of Pennsylvania). On March 20, 2009, Plaintiff filed a class action against JK INT'L, JKI, and Jani-King of Philadelphia, Inc. alleging violation of Pennsylvania minimum wage act, violation of Pennsylvania wage payment and collection law, breach of contract, breach of the duty of good faith and fair dealing, and unjust enrichment. Defendants deny all allegations and have filed a Notice of Removal of this action under 28 U.S.C. §§ 1441, thereby removing this matter from the Court of Common Pleas in Philadelphia County to the United States District Court Eastern District of Pennsylvania. On December 5, 2012, the Court denied the Motion to Transfer, granted the Motion to Dismiss the breach of duty of good faith and fair dealing claim, and denied the Motion to Dismiss the breach of contract claim. On March 10, 2014, the Court granted Plaintiff's Motion for Class Certification. Defendants appealed the Class Certification ruling to the Third Circuit Court of Appeals, which court agreed to hear Defendants' appeal. Briefing and oral arguments were completed on January 20, 2016. On September 21, 2016, the Third Circuit Court of Appeals rejected Defendants' appeal challenging class certification. On October 31, 2016, the Third Circuit Court of Appeals rejected Defendants' petition for an en banc rehearing of their appeal. On August 27, 2019, the Court approved the parties settlement agreement pursuant to which certain of Jani-King of Philadelphia's franchisees agreed to enter into revised franchise agreements, Jani-King of Philadelphia agreed to offer a limited buy-out period for franchisees servicing less than \$5,000 in monthly revenue, Jani-King agreed to make a total payment of \$3,700,000 to the Plaintiff's class, and the case was dismissed with a release of all claims.

Meseret Ayele d/b/a MAE Solutions, LLC v. Jani-King of Houston, Inc. (Cause No. 2015-17798, 55th District Court, Harris County, Texas). Plaintiff is a franchisee of Jani-King of Houston, Inc. and filed this case on March 26, 2015, alleging breach of contract, violation of the Texas Deceptive Trade Practices Act, fraud, fraudulent inducement, and negligent misrepresentation. Plaintiff was seeking \$487,000 in damages. On October 13, 2015, the Court granted Defendant's Motion for Summary Judgment, dismissing all of Plaintiff's claims. In December 2015, Plaintiff filed a Motion to Vacate the Court's ruling and for a new trial, which the Court denied. On December 24, 2015, Plaintiff moved for the Court to reconsider its decision to deny the Motion to Vacate and for a new trial, which the Court denied. Plaintiff appealed the Court's ruling to the First Court of Appeals. On February 28, 2017, the First Court of Appeals reversed and remanded the case. On January 20, 2018, the parties agreed to settle all

of the claims in exchange for a payment of \$34,250 by the Defendant. However, the Plaintiff refused to dismiss its claims as agreed and accept the settlement payment and breached the settlement agreement. In its Second Amended Counterclaim, filed April 19, 2018, the Defendant added a new party to the lawsuit and alleged claims against the Plaintiff and Cross-Defendant for breach of contract. Plaintiff filed Plaintiff's Third Amended Original Petition on October 4, 2018, adding claims for promissory estoppel, and intentional infliction of emotional distress. On February 7, 2019, the Court granted Defendant's Motion to Bifurcate the trial of the parties' claims. A trial took place on the breach of the settlement agreement by Plaintiff on August 20, 2019 and the jury rendered a verdict finding in favor of Jani-King of Houston and ordering the court clerk to tender the \$34,250 deposited by Jani-King to Plaintiff in accordance with the settlement agreement.

Tomas Fernandez, Beatriz Martinez, and Corina Martinez vs. Jani-King International, Inc., Jani-King, Inc., Jani-King of Houston, Inc., Rocket Franchising, Inc., and SCT Enterprises, Inc. (Civ. Action No. 4:17-CV-1401, United States District Court, Southern District of Texas, Houston Division) On May 5, 2017, Plaintiffs, who are franchisees of Rocket Franchising, Inc., filed this action against Defendants alleging that Defendants violated the Fair Labor Standards Act and seeking damages for unpaid overtime and minimum wage. On June 22, 2017, Defendants moved to dismiss Plaintiff's complaint. On January 23, 2018, the Court conditionally granted Defendants' motion to dismiss, but allowed Plaintiffs the opportunity to amend their complaint. On February 6, 2018, Plaintiffs dismissed Defendants, Jani-King International, Inc., Jani-King, Inc. and SCT Enterprises, Inc. and amended their complaint such that only Plaintiffs Beatriz Martinez and Corina Martinez made claims against Jani-King of Houston, Inc. On August 2, 2019, Jani-King of Houston, Inc. filed a counterclaim against Corina Martinez. On September 24, 2019, Jani-King of Houston, Inc. filed a third-party complaint against Martinez 5 Enterprise, LLC. In November 2019, without admitting any wrongdoing or liability, the parties reached a settlement whereby Plaintiffs Beatriz Martinez and Corina Martinez dismissed all claims against Jani-King of Houston, Inc. in exchange for payment in the total amount of \$17,500 and Jani-King of Houston, Inc. dismissed its counterclaim and third-party claim.

Simon Mujo and Indrit Muharremi vs. Jani-King International, Inc., Jani-King, Inc., and Jani-King of Hartford, Inc. (Case 3:16-cv-01990, United States District Court, District of Connecticut). On December 5, 2016, Plaintiffs (who are franchisees of Jani-King of Hartford, Inc.) filed a purported class action against Defendants alleging violation of the Connecticut Minimum Wage Act and unjust enrichment. On March 31, 2018, the Court granted Defendants' motion to dismiss the Connecticut Minimum Wage Act claims but denied Defendants' motion to dismiss the unjust enrichment claims. On January 9, 2019, the Court certified a class on the remaining unjust enrichment claims. On December 21, 2019, the Court granted Defendants' Motion for Summary Judgment. On December 30, 2019, Plaintiffs moved for reconsideration of the judgment, which the Court denied on January 3, 2020. On January 10, 2020, Plaintiffs appealed to the Second Circuit Court of Appeals. On October 9, 2020, Plaintiffs filed a Motion to Certify Questions to the Connecticut Supreme Court. On September 9, 2021, the Second Circuit affirmed the District Court's dismissal of Plaintiffs' claims and denied Plaintiffs' Motion to Certify. On September 24, 2021, Plaintiffs moved for rehearing En Banc, which the Second Circuit denied on October 14, 2021.

O'Brien Enterprises, LLC and A&A Enterprises, LLC v. B&B Franchising, LLC, Jani-King International, Inc., Jani-King, Inc., and Jani-King Franchising, Inc. (Case No. 1:20-CV-00466-MRB, United States District Court, Southern District of Ohio) A2001829, Court of Common Pleas, Hamilton County, Ohio). Plaintiffs were unit franchises of B&B Franchising, LLC, the Jani-King regional franchisor that owned the rights to the territory. On May 8, 2020, Plaintiffs filed this purported class action against Defendants in the Court of Common Pleas, Hamilton County, Ohio alleging breach of contract, fraud in the inducement, and negligent misrepresentation and fraud against B&B Franchising, LLC, negligent supervision against Jani-King International, Inc., Jani-King, Inc., and Jani-King Franchising, Inc., and tortious interference against all of the Defendants. On June 11, 2020, B&B Franchising, LLC filed a Notice of Removal, thereby removing this matter to the United States District Court for the Southern District of Ohio. Plaintiffs sought unspecified damages, declaratory and injunctive relief, and reformation of their franchise agreements. On April 20, 2021, Jani-King International, Inc., Jani-King, Inc., and Jani-King Franchising, Inc. filed a motion to dismiss Plaintiffs' claims of tortious interference and claims for declaratory and injunctive relief pursuant to Rule 12(b)(6) for failure to state a claim upon which relief can be granted. On September 9, 2021, B&B Franchising, LLC filed an Unopposed Motion to Dismiss all claims of O'Brien Enterprises, LLC. On November 4, 2021, the remaining parties entered into a Settlement Agreement in which B&B Franchising, LLC agreed to pay \$23,500 to A&A Enterprises, LLC and A&A Enterprises agreed to dismiss its claims against all Defendants and executed mutual releases with all Defendants.

Alejandro Juarez, Maria Juarez, Luis A. Romero, and Maria Portillo v. Jani-King International, Inc., Jani-King, Inc. and Jani-King of California, Inc. (Case Number CV-09-3495, United States District Court, Northern District of California). On June 22, 2009, Plaintiff filed a class action against JK INT'L, JKI, and Jani-King of California, Inc. alleging violations of California Corporations Code §§31201 and 31202, intentional misrepresentation, concealment, negligent misrepresentation, breach of contract, violation of labor code §§510, 1182, 1194, 1197, 1198, 2801, 2810, wage order 5-2001, and business and professions code §17200. Defendants denied all allegations and filed a Notice of Removal of this action under 28 U.S.C. §§ 1446 and 1453, thereby removing this matter from the Superior Court of the State of California in and for the County of Alameda to the United States District Court Northern District of California. On October 5, 2009, the court granted Defendants' motion to dismiss with respect to Plaintiffs' causes of actions related to fraud, Plaintiffs' contract claim, and Plaintiffs' claim under California Labor Code section 2810.3. On March 4, 2011, Plaintiffs' Motion to Certify the Class was denied by the Court. On August 17, 2011, Defendants made an Offer of Judgment to Luis A. Romero in which Defendants made no admission that Defendants were liable in this action or that Romero experienced any damages, but offered to settle all of Romero's claims for a total sum of \$50,000. Romero accepted the Offer of Judgment and on September 23, 2011, a Stipulated Entry of Final Judgment was issued as to Plaintiff Luis A. Romero. On January 23, 2012, the Court granted Defendants' Motion for Summary Judgment on Plaintiffs' labor code claims, fraud claims, claims that Jani-King violated the California Franchise Investment Law and fraudulent practices under business and professions code §17200, and Juarezes' claim for breach of contract. The Court denied Defendants' Motion for Summary Judgment on Plaintiffs' claims for breach of implied covenant, and unlawful practices and unfair business practices under §17200, Portillo's claim for breach of contract, and Defendants' counterclaims against Juarez. On February 16, 2012, the Court granted

Plaintiffs' motion for certification of its appeal from the decision on Summary Judgment to the Ninth Circuit Court of Appeals and stayed the case pending resolution of the interlocutory appeal before the Ninth Circuit. On May 10, 2012, the Ninth Circuit denied Plaintiffs' permission for interlocutory appeal. On October 31, 2012, without admitting any wrongdoing or liability, Defendants and Maria Escobar (formerly Portillo) entered into a settlement whereby Escobar's franchise agreement with Jani-King of California, Inc. was terminated and Escobar dismissed all claims against Defendants, except for the employment mischaracterization claims, in exchange for payment in the amount of \$50,000. On October 31, 2012, without admitting any wrongdoing or liability, Defendants, and Alejandro and Maria Juarez entered into a settlement whereby the Juarezes' franchise agreements with Jani-King of California, Inc. were terminated and the Juarezes dismissed all claims against Defendants, except for the employment mischaracterization claims, in exchange for a release of Defendants' counterclaims and a payment in the amount of \$15,000. On December 14, 2012, Escobar and the Juarezes filed a Notice of Appeal of the Court's Summary Judgment Order with the Ninth Circuit Court of Appeals. In June 2018, the case was remanded back to the United States District Court for the Northern District of California in light of the California Supreme Court's decision in *Dynamex Operations West, Inc. v. Superior Court*, 4 Cal. 5th 903 (2018). On November 21, 2019, the Court stayed this case pending a decision from the California Supreme Court on the certified question of whether *Dynamex Operations West, Inc. v. Superior Court*, 416 P.3d 1 (Cal. 2018) applies retroactively. On January 14, 2021, the California Supreme Court ruled in *Vasquez v. Jan-Pro Franchising International, Inc.*, 478 P.3d 1207 (Cal. 2021) that its decision in *Dynamex* applies retroactively and the Court lifted its stay of this case the following day. In September 2021, Defendants agreed to pay \$150,000 to settle the Juarezes' individual claims. The parties also agreed to a Class Action Settlement Agreement encompassing both this lawsuit and *Jose Chavez and Emilio Montero v. Jani-King of California, Inc., Jani-King, Inc., Jani-King International, Inc.*, with the agreement that the Class Action Settlement Agreement would be filed in the *Chavez* case. The parties filed a Stipulation of Dismissal on September 21, 2021. The Class Action Settlement Agreement is described below in the summary of the *Chavez* case and received final approval by the *Chavez* court on July 7, 2022.

Jose Chavez and Emilio Montero v. Jani-King of California, Inc., Jani-King, Inc., Jani-King International, Inc. (Case No. RG19043517, Superior Court of California, Alameda County). On November 11, 2019, Plaintiffs, who are individuals who purchased franchises from Jani-King of California, Inc. through business entities they owned, filed this action against Defendants alleging that Defendants mischaracterized Plaintiffs as independent contractors in violation of the California Labor Code. Defendants deny all accusations. In September 2021, the parties agreed to a Class Action Settlement Agreement encompassing both this lawsuit and the *Juarez* case described above. Pursuant to the Class Action Settlement Agreement, without admitting liability, Defendants agreed to pay a class settlement totaling \$15,350,000 payable over a two-year period. The Court granted final approval of the settlement on July 7, 2022 and the settlement became effective on September 7, 2022.

Brian J. Schneider v. Jani-King of Buffalo, Inc. (Case No. SC15074, Town of Amherst Court). Plaintiff is the managing member of Abatis, LLC, a former franchisee of Jani-King of Buffalo, Inc. that was terminated for failure to pay minimum royalties and for abandonment. On May 19, 2022, Plaintiff filed suit against Jani-King of Buffalo, Inc. seeking to recover the

initial franchise fee. The parties agreed to a settlement in June 2022. Without admitting any liability, Jani-King of Buffalo, Inc. agreed to pay Plaintiff \$4,000 in exchange for a release of all claims by Plaintiff and Abatis, LLC.

Arcel Enterprises Limited Co. v. Jani-King Franchising, Inc. (Case No. 22-S-00108, Fayette County District Court). On June 7, 2022, Plaintiff, a franchisee of Wildcat Franchising, Inc. d/b/a Jani-King of Lexington (“Wildcat”), filed suit against Jani-King Franchising, Inc. (“JKF”) alleging theft, fraud, and discrimination and seeking to recover its initial franchise fee down payment. On July 26, 2022, JKF filed a Motion to Dismiss for lack of personal jurisdiction and because Plaintiff purchased its franchise from Wildcat and not JKF. On August 5, 2022, the Court postponed ruling on JKF’s Motion to Dismiss and allowed Plaintiff time to add Wildcat as a Defendant. On August 9, 2022, Plaintiff reached a settlement with Wildcat. Pursuant to the settlement, Wildcat agreed to pay Plaintiff \$3,000 and waive a \$7,000 promissory note executed by Plaintiff, and Plaintiff agreed to return certain equipment and cleaning supplies to Wildcat, release all claims against Wildcat and JKF, and dismiss the lawsuit.

Constance Mouanda v. Jani-King International, Inc., Jani-King Leasing Corporation, Jani-King Franchising, Inc. and Cardinal Franchising, Inc. d/b/a Jani-King of Louisville (Case No. 19-CI-00283, Jefferson Circuit Court, Division 12). On January 15, 2019, Plaintiff, who is the sole member of The Matsoumou’s, LLC, a franchisee of Jani-King of Louisville, filed this action against Defendants alleging that Defendants engaged in fraud, failed to pay her the minimum wage under Kentucky law, and breached her franchise agreement. Plaintiff is seeking compensatory and punitive damages, and attorneys’ fees and costs. On June 25, 2019, the Court granted the Defendants’ Motions to Dismiss due to Plaintiff’s lack of standing to bring claims. Plaintiff appealed the Court’s ruling to the Kentucky Court of Appeals on October 21, 2019. On February 5, 2021, the Kentucky Court of Appeals affirmed the dismissal of Plaintiff’s claims. On March 9, 2021, Plaintiff filed a Motion for Discretionary Review with the Supreme Court of Kentucky. On September 22, 2021, the Supreme Court of Kentucky granted discretionary review. On August 18, 2022, the Supreme Court of Kentucky reversed and overturned the dismissal of Plaintiff’s claims of fraud and failure to pay minimum wage, while allowing the dismissal of Plaintiff’s claim for breach of the franchise agreement to stand. On October 25, 2022, Plaintiff filed an Amended Complaint and added Jani-King Franchising, Inc. as an additional Defendant. On October 31, 2022, Jani-King International, Inc., Jani-King Leasing Corporation, and Jani-King Franchising, Inc. filed a Motion to Dismiss the Amended Complaint for lack of personal jurisdiction. On February 24, 2023, the Court denied the Motion to Dismiss and allowed further discovery. On June 7, 2023, the parties agreed to a settlement. Pursuant to the settlement, the franchise agreement with The Matsoumou’s LLC was terminated, Cardinal Franchising, Inc. d/b/a Jani-King of Louisville agreed to pay Plaintiff \$55,000, and Plaintiff agreed to release all claims against the Defendants and dismiss the lawsuit.

Administrative Orders and Decrees.

Commonwealth of Virginia, ex rel. State Corporation Commission v. Jani-King of Washington, D.C., Inc., (Case No. SEC-2012-00015, Commonwealth of Virginia, State Corporation Commission at Richmond) (September 12, 2013). The Commonwealth of

Virginia, *ex rel.* State Corporation Commission (the “State”) alleged that Jani-King violated §13.1-563(2) of the Virginia Retail Franchising Act (the “Act”) by selling franchises to be operated in Virginia while omitting certain disclosures concerning its corporate ownership and prior litigation settlements. Jani-King did not admit nor deny the State’s allegations but, on September 12, 2013, entered into a Settlement Order with the State whereby Jani-King: (i) paid to the treasurer of the State \$62,000 in penalties; (ii) paid to the treasurer of the State \$23,000 to defray the State’s costs of investigation; (iii) provided a copy of the Settlement Order to all then-current Virginia franchisees; and, (iv) agreed to not violate the Act in the future.

California v. Jani-King of California, Inc. (Case No. 691-473, Superior Court, Los Angeles County, California). A consent decree was issued on July 19, 1988, based on an inquiry conducted by the California Department of Corporations (“the Department”). On April 25, 1988, an order was issued by the Department which denied and revoked Jani-King of California, Inc.’s registration due to the alleged failure by Jani-King of California, Inc. to comply with Sections 31123 and 31200 of the California Franchise Investment Law. The Department alleged that Jani-King of California, Inc. failed to notify the Department of the issuance of an order dated January 20, 1988 described in the offering circular within the material disclosing the counterclaims in two lawsuits. The Department also alleged that Jani-King of California, Inc. made certain misrepresentations in its franchise offering circular regarding the length and adequacy of franchisee training, the billing and collection practices of Jani-King of California, Inc., the types of customers a franchisee would service, the cost and availability of products offered by Jani-King of California, Inc., and general information about Jani-King Leasing Corporation and its relationship with Jani-King of California, Inc. An agreement was reached with the Department to reinstate Jani-King of California, Inc.’s registration upon satisfaction of certain conditions, including the amendment of the franchise offering circular, and the entry of a permanent injunction the terms of which required a temporary suspension of sales activity for 45 days, retention of competent franchise counsel, completion of certain educational and reporting requirements and the payments of a fine and costs incurred by the Department, and future compliance with the provisions of the California Franchise Investment Law. Jani-King of California, Inc. agreed to the entry of the permanent injunction solely for the purpose of settling the matter and does not admit that the allegations made by the California Department of Corporations are true or that it violated the California Franchise Investment Law. A permanent injunction was entered by the court on July 19, 1988.

On September 18, 1998, the California Department of Corporations issued a Cease and Desist Order against Jani-King of California, Inc., and certain affiliates, ordering them to stop offering and selling franchises in the state of California. On February 16, 1999, the Department of Corporations and Jani-King of California, Inc. entered into a Stipulation and Proposed Order and on February 17, 1999, both parties jointly moved to modify the permanent injunction entered by the court on July 19, 1988, to provide for, among other things, 1) the appointment of an independent monitor and the imposition of procedures to verify and confirm future compliance with the California Franchise Investment Law, and 2) certain training requirements for salespersons of Jani-King of California, Inc. The Cease and Desist Order was rescinded according to the terms of the Stipulation and Proposed Order. The court entered an order modifying the permanent injunction on February 19, 1999. In August 2002, the independent monitor determined that no significant violation of the California Franchise Investment law or decree had occurred during the last testing period and the monitoring was discontinued.

United States of America v. Jani-King International, Inc., (Civ. No. 395-CV1492-G, United States District Court, Northern District of Texas, Dallas Division). On July 24, 1995, without admitting any liability, JK INT'L agreed to a Stipulated Final Judgment and Order for Permanent Injunction ("the Final Judgment") with the Federal Trade Commission ("FTC"). The FTC alleged that JK INT'L did not comply with the Commission's Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" (the "Franchise Rule") by not properly disclosing JK INT'L's litigation history concerning violations of law during the previous seven fiscal years, by not providing all of the information required concerning existing franchisees, and by making earnings claims without a reasonable basis and without the disclosures required by the Franchise Rule. Under the Final Judgment, JK INT'L is required to comply with the Franchise Rule and agreed to pay \$100,000 to the FTC as a civil penalty. No guilt or innocence was determined, and JK INT'L admitted no liability for any of the matters alleged in the FTC's complaint.

Franchisor Initiated Litigation Involving the Franchise Relationship in the Last Fiscal Year.

None.

Other than these actions, no litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5
INITIAL FEES**

The initial franchise fee for a JANI-KING Regional Franchise charged upon the signing of the Regional Franchise Agreement will be based primarily upon the population of the territory described in the Regional Franchise Agreement. An identical fee is not charged to all Regional Franchisees. The formula for calculating the fee is approximately \$50,000.00 for each 100,000 of population for the described territory, with a minimum fee of \$100,000.00. This formula may vary somewhat according to the density of the metropolitan population related to the total area, or for other demographic considerations. This is the total amount, except for any applicable sales tax, which you must pay (sales tax is computed in accordance with national, state, and local law as required). This initial franchise fee is due and payable by you as follows:

(1) We may elect, at our discretion, to finance a portion of the initial franchise fee under certain prescribed situations. If we do not elect to finance a portion of this fee, then the entire amount must be paid when you sign the Regional Franchise Agreement.

(2) The proceeds of the initial franchise fee will be used by us for expenses and costs that include your training where applicable, your "starter package" which includes manuals, office

forms, and associated resources to assist in operation of the Regional Franchise and as working capital and profit to us.

(3) The initial franchise fee is not refundable.

Any sale of a Corporate Region Sub's existing business to you will be effected pursuant to a separate purchase agreement between you and such Corporate Region Sub, with payment and other terms independently negotiated between you. For the avoidance of doubt, any purchase fee paid to the Corporate Region Sub in connection therewith shall be in addition to the fees you must pay to us under the Regional Franchise Agreement.

While it is not required, prior to beginning operations of your business, you may purchase certain proprietary software modules from us for initial fees of up to \$8,500 (depending on if and the number of modules purchased).

In addition, at our discretion, you may (but are not required to) purchase or lease certain equipment (e.g., commercial vacuum cleaner, commercial floor polisher and a commercial wet/dry vacuum) required in connection with the operation of your regional franchise business and your Unit Franchisees' business from our affiliate, LEASING. However, we assume that items you purchase through LEASING will be on behalf of your Unit Franchisees and the cost merely passed through you. If the equipment is leased from LEASING the total cost would be approximately \$2,776, based on the rates in use as of April 1, 2023. The initial (first and last month's) payment would be approximately \$348. Then monthly terms would be approximately \$174 for 12 months. At the end of the lease, you have the right to purchase the equipment at its fair market value, which historically has been equal to approximately two months' lease payment. The terms and conditions of the lease financing for any electrical equipment leased through LEASING are determined solely by LEASING. They may be modified or changed in whole or in part without our consent or knowledge. The financing provisions set out hereinabove are those in effect as of April 1, 2023. Neither you nor your Unit Franchisees are required to purchase or lease any items from LEASING; it is entirely optional.

You pay us or our affiliates no other fees or payments for services or goods before your Business commences operations.

ITEM 6 OTHER FEES

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

Type of Fee	Amount	Due Date	Remarks
Royalty (2)	5% of monthly Gross Revenue (1) in the first Performance Year; 5.25% of monthly Gross Revenue (1) in the second Performance Year; 5.5% of monthly Gross Revenue (1) in the third Performance Year; 5.75% of monthly Gross Revenue (1) in the fourth Performance Year; 6% of monthly Gross Revenue (1) in the fifth Performance Year and all subsequent years.	By the 10 th day of each month	Subject to a monthly minimum. See detailed notes (1), (2), and (4) below.
Franchise Sales Royalty (3)	5% of each initial franchise fee	By the 10 th day of each month	Subject to \$800 minimum on each unit sold.
Advertising (5)	1% of monthly Gross Revenue (1), which may be increased to 2% of monthly Gross Revenue (1)	By the 10 th day of each month	See detail note (5) below.
Transfer	20% of value received which exceeds initial franchise fee paid plus any amounts subsequently paid to expand the Territory (proportionately calculated to reflect the percentage of interest being sold or transferred)	At the time of transfer	See detail note (6) below.
Optional Consultation Fee	\$800 per day per person plus reasonable	When consultation is provided	See detail note (7) below.

Type of Fee	Amount	Due Date	Remarks
	expenses		
Indemnification	Will vary under circumstances	As incurred	You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands resulting or arising from the operation of your JANI-KING Regional Franchise.
Audit	All costs and expenses, for example, reasonable accounting and legal fees	Immediately, when incurred	Payable only if audit shows an understatement of at least 5% of Gross Revenue for any month.
Late Payment Fee	10% of each delinquent payment (subject to increase)	Immediately, upon demand	Payable only if a payment is not received by the due date.
Late Report Fee	\$300 for each day late (subject to increase)	Immediately, upon demand	Payable only if monthly report is not received by the 10 th of month.
Optional Annual Software Fees	\$5,750 per year	Immediately, upon demand	See detail note (8) below.

NOTES:

(1) Gross Revenue: “Gross Revenue” is defined as all revenue invoiced by anyone, whether collected or not, for (i) services and results of services performed by Regional Franchisee and any Unit Franchisee sold by or associated with this Agreement at locations where any type of cleaning and/or maintenance related services, including, but not limited to, commercial, industrial, institutional and residential cleaning and/or maintenance services are performed, without reduction for any amounts payable to or retained by Regional Franchisee or any Unit Franchisees; (ii) the sale or lease of any goods or supplies by Regional Franchisee or any Unit Franchisees; and (iii) any other revenue related to or derived from the conduct and operation of Regional Franchisee’s franchise business, except Gross Revenue does not include any revenue accruing to Regional Franchisee specifically for: (1) any tax, excise, tariff or other governmental charge levied on the value of goods or services; or (2) any revenue subject to the Franchise Sale Royalty (defined below).

- (2) Royalty Fee: A royalty fee (the “Royalty Fee”) equal to:
- (i) 5% of the monthly Gross Revenue from the Date of Opening (defined below) through the end of Performance Year 1 (defined below);
 - (ii) 5.25% of monthly Gross Revenue in Performance Year 2;
 - (iii) 5.5% of monthly Gross Revenue in Performance Year 3;
 - (iv) 5.75% of monthly Gross Revenue in Performance Year 4;

(v) 6% of monthly Gross Revenue in Performance Year 5 and all subsequent Performance Years.

The Royalty Fee shall be paid by you by the 10th day of each month for revenues accruing in the previous month.

“Performance Year” is a time period of 12 consecutive months as defined in the Regional Franchise Agreement. Performance Year 1 will begin on the first day of the first full month following the Date of Opening (defined below) and will continue for 12 consecutive months. If the Date of Opening is the first day of the month, that month will be the first month of Performance Year 1. The time period of 12 consecutive months which immediately follows Performance Year 1 will be Performance Year 2; the time period of 12 consecutive months which immediately follows Performance Year 2 will be Performance Year 3; and likewise each subsequent time period of 12 consecutive months that immediately follows a Performance Year will be the next Performance Year.

The “Date of Opening” is defined as the earlier of (a) the date you sell your first Unit Franchise; (b) the date you first invoice a client for services; (c) the date you provide written notice to us of your business opening, or (d) the deadline for your business to open that is listed in Section 3.6 of the Regional Franchise Agreement. However, if you are entering into a Regional Franchise Agreement for a business that is already open and operating prior to the effective date of the Regional Franchise Agreement, such as if you are renewing or acquiring an existing JANI-KING Regional Franchise, then the Date of Opening will be the effective date of the Regional Franchise Agreement.

(3) Franchise Sale Royalty: A franchise sales royalty fee calculated at the time of each sale of a franchise, on all franchises sold by you (the “Franchise Sale Royalty”). The Franchise Sale Royalty shall be the greater of (a) 5% of the total sum agreed to be paid by a franchisee sold by you as the initial franchise fee for the plan purchased, including the total down payment plus any remaining amount financed (excluding any interest charged thereon, and excluding any sums collected by you as a tax, excise, tariff or other governmental charge levied on the value of goods or services); or (b) \$800. We may increase the minimum amount in clause (b) in our sole discretion. The entire Franchise Sale Royalty (regardless of whether you have financed any portion of the initial franchise fee) payable on any franchise sold is payable by you to us by the 10th day of each month for all franchises sold the prior month.

(4) Minimum Royalty: You will agree that your franchised business will produce the following minimum Gross Revenue for each month (“MMGR”) during each corresponding Performance Year as shown in the table in the Regional Franchise Agreement.

During each Performance Year, for each month that you do not produce the MMGR, you agree to pay us a minimum monthly royalty equal to the applicable Royalty Fee percentage of the MMGR listed in the table in the Regional Franchise Agreement for the corresponding Performance Year. (“Minimum Royalty”). For example, based on the sample table included below, during Performance Year 6 in Category I, for each month that you do not produce MMGR of at least \$100,000, you will pay a Minimum Royalty of \$6,000 (6% of 100,000). In

the event you produce the MMGR, you will pay the Royalty Fee instead of the Minimum Royalty.

The MMGR will increase each year. The increase in MMGR is determined by the population of the Territory as shown by the categories below and the Consumer Price Index explained below:

Category	Territory Population	MMGR Increase
I	0 – 1,000,000	\$20,000
II	1,000,001 – 2,000,000	\$30,000
III	2,000,001- 4,000,000	\$40,000
IV	Above 4,000,000	\$50,000

The population of your Territory will be determined by reference to the most recently published information from the United States Census Bureau. In the event the United States Census Bureau discontinues publishing population data, for any reason, we will select another reference publication and will notify you of its selection. The new reference publication will take effect when you receive the notice.

The population for your Territory will be calculated in December of each Performance Year. In the event the population of the Territory increases or decreases during any Performance Year which results in a change in Category, beginning the first month of the Performance Year immediately following and for each remaining Performance Year (unless another population change results in another change of category), the MMGR Increase will change to that of the new population category. For example, if the population of the Territory increases from 1,900,000 to 2,100,000 in Performance Year 4, the Category III MMGR will apply beginning in the first month of Performance Year 5 and for each subsequent Performance Year and the MMGR will increase by \$40,000 (unless a population change in the Territory results in the application of a new Category). Based on the sample table below, the change from Category II to Category III in Performance Year 5 would result in an MMGR for Performance Year 5 of \$130,000 (\$90,000 + \$40,000).

The sample table below represents the MMGR for a start-up JANI-KING Regional Franchise which is first commencing operation, and which has no existing monthly Gross Revenue. If you are renewing an existing regional franchise agreement, acquiring an existing JANI-KING Regional Franchise via transfer, or purchasing an existing business from a Corporate Region Sub, then the table in your Regional Franchise Agreement will contain higher MMGR requirements, as described below, due to the fact that your franchise has existing monthly Gross Revenue at the beginning of the term. Nevertheless, the annual increase in MMGR during the term will still be determined by the population category of the Territory, as described above, and the Consumer Price Index, as explained below.

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Performance Year	Category I MMGR (monthly) (\$)	Category II MMGR (monthly) (\$)	Category III MMGR (monthly) (\$)	Category IV MMGR (monthly)(\$)
1	0	0	0	0
2	20,000.00	30,000.00	40,000.00	50,000.00
3	40,000.00	60,000.00	80,000.00	100,000.00
4	60,000.00	90,000.00	120,000.00	150,000.00
5	80,000.00	120,000.00	160,000.00	200,000.00
6	100,000.00	150,000.00	200,000.00	250,000.00
7	120,000.00	180,000.00	240,000.00	300,000.00
8	140,000.00	210,000.00	280,000.00	350,000.00
9	160,000.00	240,000.00	320,000.00	400,000.00
10	180,000.00	270,000.00	360,000.00	450,000.00

If you do not pay the Minimum Royalty you will be in a material event of default of the Regional Franchise Agreement.

We reserve the right to increase the MMGR once per year during the term of the Agreement upon 30 days' written notice to you to correspond with the increase in the Consumer Price Index during the preceding Agreement year, with no such increase to exceed 4.5%. Any such increase will be effective on the first day of the Agreement year following our written notice. The applicable MMGR for each calendar month for the 12-month period following the date of the increase will be equal to the most current MMGR multiplied by the percentage increase in the Consumer Price Index; provided however, that in no event shall such adjusted MMGR be less than the MMGR then in effect. "Consumer Price Index" means the Consumer Price Index for Urban Wage Earners and Clerical Workers-All items (Base Period 1982-1984=100) of the United States Bureau of Labor Statistics. If the manner in which such Consumer Price Index is determined by the Bureau of Labor Statistics is substantially revised, an adjustment will be made in such revised index which would produce results equivalent, as nearly as possible, to those which would have been obtained if the Consumer Price Index had not been revised. If the Consumer Price Index becomes unavailable to the public because publication is discontinued, or otherwise, we will substitute a comparable index based upon changes in the cost of living or purchasing power of the consumer dollar published by any other governmental agency or, if no such index is available, then a comparable index published by a major bank or other financial institution or by a recognized financial publication.

If you are renewing your agreement, and your current franchise agreement does not contain the MMGR provisions stated above, the beginning MMGR for the first renewal year (Performance Year 1) for each category will be ninety five percent (95% or decimal 0.95) of the average Gross Revenue of the final 3 months of the previous term of your agreement. For example, if your average Gross Revenue for the last 3 months of the previous term is \$1,000,000.00, the beginning MMGR for year 1 of the renewal agreement will be \$950,000.00 ($\$1,000,000.00 \times 0.95 = \$950,000.00$).

If you are renewing your agreement, and your current franchise agreement contains the MMGR provisions stated above, and your Gross Revenue for the last 3 months of the last

Performance Year is less than the MMGR for the same Performance Year, your beginning MMGR (Performance Year 1) for the next term of your franchise will be equal to the MMGR for the last Performance Year of your current franchise agreement term. For example, based on the sample table above, if your average Gross Revenue of the last 3 months of the last Performance Year (Category I franchise) at the time of renewal was \$150,000 (i.e. less than the MMGR for the same Performance Year at the time of renewal), the beginning MMGR for the next term of the franchise agreement would be \$180,000.

If you are renewing your agreement, and your current franchise agreement contains the MMGR provisions stated above, and your Gross Revenue for the last 3 months of the last Performance Year is equal to or greater than the MMGR for the same Performance Year, your beginning MMGR (Performance Year 1) for the next term of your franchise will be equal to the greater of (i) eighty percent (80%) of the average monthly Gross Revenue of the last 3 months of the last Performance Year of the current franchise agreement term or (ii) the MMGR for the last Performance Year of the current franchise agreement term. For example, based on the sample table above, if your average Gross Revenue for the last 3 months of the last Performance Year (Category I franchise) at the time of renewal was \$300,000 (i.e. more than the MMGR for the same Performance Year at the time of renewal), the beginning MMGR for the next term of the franchise agreement would be \$240,000 (i.e. 80% of \$300,000).

A "Material Account" is one of your accounts that (a) was in existence on the effective date of the Regional Franchise Agreement and (b) comprises 8% or more of your monthly Gross Revenue for the immediately preceding month. If a Material Account is terminated during the term of the Regional Franchise Agreement, a new MMGR for each category will be established by subtracting the average monthly billing amount of such account for the three months prior to the effective date of the Regional Franchise Agreement from the MMGR of each category. In order for the MMGR to be adjusted in this manner, you must notify us of the termination of the Material Account and provide us with documentation necessary to substantiate that such account qualifies as a Material Account and to substantiate the amount of the adjustment.

At any time during the initial term of this Agreement or during any renewal term, if your average monthly Gross Revenue during any Performance Year is equal to or in excess of the product of the population of your Territory, calculated as described above, and 0.75, the MMGR will not apply for the following Performance Year. You will be required to notify us during the first month of any Performance Year that your average monthly Gross Revenue for the prior Performance Year was equal to or in excess of the product of the population of your Territory (as determined in section 3.7(c) above) and 0.75 and provide us with documentation substantiating the average Gross Revenue for the Performance Year. The MMGR continues to increment for future years during this time.

The minimum royalty will be suspended in the event of force majeure, act of God, natural disaster, act of war, civil strife, or terrorist attack which results in the cancellation or suspension of 30% of your current contract business at the time of the occurrence. The suspension of the cumulative minimum royalty requirements will continue until 30% of your contract business that was cancelled or suspended due to one or more of the above events is either reactivated or replaced. The suspension of the cumulative minimum royalty requirements will not affect your requirement to pay other royalty payments.

The royalty fees are not refundable, and are payable on the 10th day of each month for your Gross Revenue accruing in the previous month. You are required to submit with your monthly royalty payments a report which accurately reports all Gross Revenue that has accrued during the previous month. Should such report not be received by us on or before the 10th day of the applicable month then you will be charged a \$300 per day late charge for each day that the report is not submitted. Any royalty payment not received by us on or before the due date will also be subject to a late charge equal to 10% of the delinquent payment. If you fail to pay any royalty payment when due, you will be in default of the Regional Franchise Agreement and subject to the default provisions set forth in that document including, among other things, our option to terminate your franchise.

(5) Advertising: You will pay to us an advertising fee of 1% of the Gross Revenue accruing to you each month (the “Advertising Fee”). This advertising fee is in addition to any monthly royalty fee charged. We have the right to allocate parts of the Advertising Fee for certain of our administrative expenses for marketing activities. (See Item 11) We reserve the right to raise the advertising fee to 2% of your Gross Revenue.

(6) Transfer Fee: You may also be required to pay a transfer fee upon the sale, transfer, or assignment of all or any part of your Regional Franchise. The fee assessed is 20% of all consideration received by you for the sale, transfer, or assignment, in excess of the original franchise fee you paid plus any amounts you subsequently paid to add additional counties or areas to the Territory. The Transfer Fee will be proportionally calculated to reflect the percentage of interest in your Regional Franchise which is being transferred.

(7) Optional Consultation Fee: If you request any additional consultation from us that is not included in the initial fees, you will be required to pay us a fee of \$800 per day per person plus reasonable expenses. We reserve the right to increase such fee in our sole discretion.

(8) Optional Annual Software Fees: If you elect to purchase and utilize our optional proprietary software modules, you will be required to pay us an annual renewal and support fee which currently is: \$300 for each of the graphs and charts, document storage and retrieval, and accounting offering modules; \$600 for the commissions module; \$750 for the handheld inspections module; and \$3,500 for the franchisee portal. The annual renewal and support fee for each module may change.

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**ITEM 7
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED
INITIAL INVESTMENT**

TYPE OF EXPENDITURE	AMOUNT	WHEN DUE	METHOD OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$100,000 to \$2,700,000 (can be higher depending on the territory) (See Note 1)	On signing Agreement	Immediate Negotiable Funds or as arranged	Us
Real Property (Note 2)	\$5,000 to \$50,000 (Note 2)	Prior to Opening	(Note 2)	Landlord
Initial Supplies (Note 3)	N/A (Note 3)	(Note 3)	(Note 3)	(Note 3)
Equipment (Note 4)	\$2,776	Prior to Opening	Lump Sum/ Installment	Vendors / LEASING
Computer System (Note 5)	\$2,000 to \$2,250	Prior to Opening	Lump Sum/ Installment	Vendors
Optional Software Modules (Note 5)	\$0 to \$8,500	Prior to Opening	As Incurred	Us
Security deposits, etc. (Note 6)	\$1,000 to \$5,000	Prior to Opening	Lump Sum	Government Agencies/ Utility Companies
Insurance (Note 7)	\$7,500 to \$12,500	Prior to Opening	As Incurred	Vendors
Initial Training (Note 8)	\$1,200	Prior to Opening	As Incurred	Vendors
Additional Funds (Note 9)	\$50,000 to \$100,000	As Incurred	As Incurred	Landlord/ Vendors/ Employees
TOTAL (Notes 10 & 11)	\$169,476 to \$2,882,226 (can be higher depending on the amount of the initial franchise fee)			

NOTES:

1. The initial franchise fee for a JANI-KING Regional Franchise will be based primarily upon the population of the territory described in the Regional Franchise Agreement. The formula for calculating the fee is approximately \$50,000.00 for each 100,000 of population for the described territory, with a minimum fee of \$100,000.00. This formula may vary somewhat according to the density of the metropolitan population related to the total area, or for other demographic considerations. The high end of this range represents the highest initial franchise fee that we have charged for a JANI-KING Regional Franchise to date. Given that the initial franchise fee is dependent upon the population for your territory, the initial franchise fee may be higher than what is estimated in this table.

2. There is no requirement that you purchase or lease any real estate from us or any affiliate, but you are required to maintain an appropriate business office, which must be located in a location approved by us, and conduct your business from there. The decor of the business office does not involve any extraordinary cost, other than customary expenses. You are not allowed to operate your business from your home or other residence. Initial deposits and build-out of office space may cost you \$5,000 to \$50,000, depending on the office space leased.

3. The initial franchise fee payment includes the cost of an office and advertising supply package.

4. Your Unit Franchisees must, and you may, purchase, lease or provide proof of ownership of a commercial vacuum cleaner, a commercial floor polisher and a commercial wet/dry vacuum. These items are not provided by us. Based on our prior experience, depending upon whether the equipment is new or used, the cost of this equipment is approximately \$2,776 from any equipment supplier, if you do not already own the specific equipment. You are not required to purchase any equipment from us or any affiliate of ours.

The required commercial vacuum cleaner, commercial floor polisher and a commercial wet/dry vacuum may, at our discretion, be leased from our affiliate, LEASING. If the equipment is leased from LEASING the total cost would be approximately \$2,776, based on the rates in use as of April 1, 2023. The initial (first and last month's) payment would be approximately \$348. Then monthly terms would be approximately \$174 for 12 months. At the end of the lease, you have the right to purchase the equipment at its fair market value, which historically has been equal to approximately two months' lease payment. The terms and conditions of the lease financing for any electrical equipment leased through LEASING are determined solely by LEASING. They may be modified or changed in whole or in part without our consent or knowledge. The financing provisions set out hereinabove are those in effect as of April 1, 2023. Neither you nor your Unit Franchisees are not required to purchase any items from LEASING; it is entirely optional.

5. We require you to obtain, install, and use certain computer hardware, 2 printers, internet connections and service, dedicated telephone and power lines, and various software designed to be used in operating your franchise, including but not limited to third party software such as MS Office, Adobe Acrobat, and Jani-King owned software as described in detail below.

We require that you install and use the Jani-King Accounting System. The Jani-King Accounting System is our proprietary property. Under our license, you may install and use the Jani-King Accounting System on any single user CPU free of additional charge, but we reserve the right to charge a nominal fee per CPU (not to exceed \$250) to install it on a network configuration. We also reserve the right to charge monthly, annual, maintenance, support, upgrade, or update fees or a combination of these fees for the proprietary software required for the Jani-King Accounting System in the future. In addition, while not required, you may elect to purchase certain proprietary software modules from us for initial fees of up to \$8,500 (depending on if and the number of modules purchased). The software modules are described in further detail in Item 11.

6. You must obtain all proper business licenses and permits from various state and local agencies before engaging in business. These filing and application fees may range up to \$500 in cost each, depending on the locality of your franchise. Security deposits, other expenses which must be prepaid, and working capital will also vary substantially; normally, costs for a business telephone and office equipment will range from \$500 to \$5,000, depending on the quality and quantity.

7. The cost of insurance will vary, depending on factors that include the charges established by the insurer, terms of payment, prior loss history and the geographic location of the franchise operations. Typically, adequate coverage for a regional franchisee first starting out with no business will require an annual investment of between \$30,000 and \$50,000, depending on the size of your franchise and your experience; however, this amount will likely increase as your business and revenues increase (but is often priced into contracts with customers). The estimated range set forth in the table above is based on three months of coverage (for a business first starting out with no business). You must obtain insurance, provide proof of coverage to us, naming us, our affiliates (including JK INT'L), and ours and their officers, directors, and employees as Additional Insureds, in the following minimum amounts:

<i>TYPE</i>	<i>LIMITS</i>
Comprehensive General Liability General Aggregate	\$1,000,000 (per occurrence)
Products/Completed Operations Each Occurrence	\$ 2,000,000 (Aggregate) \$1,000,000
Personal & Advertising Injury Fire Damage Premises Medical Payments	\$1,000,000 \$100,000 \$10,000
General Liability Package Also Includes: Lost Key Coverage Extended Property Damage Blanket Additional Insured Blanket Waiver of Subrogation	 \$100,000 \$1,000,000
Hired and Non-Owned Automobile Insurance	\$1,000,000 (combined single limit)

Excess or Umbrella Insurance	\$10,000,000 (Aggregate)
Workers' Compensation Part A: Statutory Part B: Employers Liability	State Limits \$1,000,000 Each Accident \$1,000,000 Disease – Policy Limit \$1,000,000 Disease – Each Employee
Employee Dishonesty (including Third Party Property)	\$2,000,000
Contractors Pollution Liability	\$3,000,000 Each Loss \$3,000,000 Policy Aggregate \$250,000 Emergency Response Cost

8. We do not charge any fees for your initial training, but you are responsible for any travel and living expenses which you incur in connection with the training. You will be responsible for traveling to our offices in Addison, Texas or to an office of one of our affiliates for training. The estimate set forth in the above table represents the cost of one person (you) to attend this initial training. However, if you have additional principals, they will also be required to attend the initial training.

9. This item covers your other initial start-up for expenses, including all fees you pay to us, payroll, and miscellaneous costs and expenses, such as legal and accounting expenses, for the initial phase of the business.

While no other amounts are payable to us, you must have access to funds for working capital in the approximate amount of \$50,000 to \$100,000 for operation expenses and living expenses during the initial months of operation. The actual amount of initial expenses will vary, based on geographical and economic conditions.

10. The estimated initial investment including the Initial Franchise Fee is \$169,196 to \$2,882,226. Excluding the Initial Franchise Fee, the estimated initial investment is \$69,476 to \$182,226. These figures are estimates and we cannot guarantee that you will not have other expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill; experience and business capability; local economic conditions; the local market for our services; the prevailing wage rate; competition; how long the initial phase actually takes for your business; and the sales level reached during the initial phase. Any sale of a Corporate Region Sub's existing business to you will be effected pursuant to a separate purchase agreement between you and such Corporate Region Sub, with payment and other terms independently negotiated between you. For the avoidance of doubt, any purchase fee paid to the Corporate Region Sub in connection therewith shall be in addition to the fees you must pay to us under the Regional Franchise Agreement.

11. We relied on our experience in the commercial cleaning and franchising business to compile these estimates and have assumed an average period of 6 months from completion of your training as the initial phase of the business. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Unless otherwise indicated, the amounts disclosed in Item 7 are non-refundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You are under no obligation to purchase or lease from us or our designees, any goods, services, supplies, fixtures, equipment, inventory or real estate relating to the establishment or operation of the franchise business. While we attempt to assist you through our quantity buying power, you and other Regional Franchisees are free to buy needed supplies and equipment from any source. We do not approve, or maintain written criteria for approving, suppliers, and thus these criteria are not available to you or your proposed supplier. If you purchase any goods, services, supplies, materials or other products from a supplier which has established a business relationship with us, or purchase these items directly from us or an affiliate, we or such affiliate may derive income from such purchases you make.

We currently have a National Vehicle Program (“NVP”) which is a voluntary program through which you can purchase a select number of vehicles from a national vehicle manufacturer. We receive a pro-rata rebate from \$100-\$300 for certain vehicles purchased through our National Vehicle Program, which is paid directly to the advertising fund.

Our affiliate, LEASING, is an approved optional supplier of certain commercial cleaning equipment for franchisees (see Item 6). In the year ending December 31, 2022, LEASING’s revenues from the sale or lease of equipment to franchisees was \$633,334 representing 100% of its total revenues. This financial information is taken from the books and records of LEASING.

Prior to commencing operations, you must purchase insurance as described below. The cost of this insurance will vary, depending on factors that include the charges established by the insurer, terms of payment, prior loss history and the geographic location of the franchise operations. Typically, adequate coverage will require an annual investment of between \$30,000 and \$50,000, depending on the size of your franchise and your experience. Before beginning operations of the franchise, you must obtain insurance, provide proof of coverage to us, naming us, our affiliates (including JK INT’L), and ours and their officers, directors, and employees as Additional Insureds, in the following minimum amounts:

<i>TYPE</i>	<i>LIMITS</i>
Comprehensive General Liability General Aggregate	\$1,000,000 (per occurrence)
Products/Completed Operations Each Occurrence	\$ 2,000,000 (Aggregate) \$1,000,000
Personal & Advertising Injury Fire Damage Premises Medical Payments	\$1,000,000 \$100,000 \$10,000
General Liability Package Also Includes: Lost Key Coverage Extended Property Damage	 \$100,000 \$1,000,000

Blanket Additional Insured Blanket Waiver of Subrogation	
Hired and Non-Owned Automobile Insurance	\$1,000,000 (combined single limit)
Excess or Umbrella Insurance	\$10,000,000 (Aggregate)
Workers' Compensation Part A: Statutory Part B: Employers Liability	State Limits \$1,000,000 Each Accident \$1,000,000 Disease – Policy Limit \$1,000,000 Disease – Each Employee
Employee Dishonesty (including Third Party Property)	\$2,000,000
Contractors Pollution Liability	\$3,000,000 Each Loss \$3,000,000 Policy Aggregate \$250,000 Emergency Response Cost

The aforementioned limits shall include completed operations and products coverage with an extended property damage endorsement for building services contractors, and may be increased or have new types of coverage added at our sole discretion when circumstances so dictate or when the laws of your home jurisdiction dictate. All insurers providing coverage must carry an A.M. Best's Rating of A, 8 or better.

You must obtain our approval before you use any advertising and promotional plans and materials of any type which contain in any manner any of the Proprietary Marks.

None of our officers own an interest in any privately-held or affiliated suppliers or any material interest in any publicly-held suppliers of our franchise system; however, from time to time, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system. Except as provided above, there are no products or services for which we or our affiliates are an approved supplier or the only approved supplier.

We currently negotiate no purchase arrangements with suppliers for the benefit of regional franchisees. There are no purchasing or distribution cooperatives. We provide you with no material benefits (such as granting additional franchises) based on your use of designated or approved sources. Except as provided above, we and our affiliates receive no payments or rebates from any supplier, nor do we or our affiliates receive any special discount on purchases from any supplier for ourselves or themselves, in connection with purchases from our franchisees.

We estimate that the purchase and lease of all goods and services you must make in accordance with our specifications, or that you purchase or lease from us, our affiliates, or from unaffiliated suppliers from whom we receive rebates, represents approximately 51.2% to 74.3% of your total purchases in connection with the establishment of your franchise business, and approximately 10.8% to 12.8% of your overall purchases in connection with the operation of the business.

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

Obligation	Section in Franchise Agreement	Disclosure Document Item
Site selection and acquisition/lease	Section 3.27	Items 7, 8
Pre-opening purchase/leases	Schedule One	Items 5, 6, 7, 8, 10, 11, 16
Site development and other pre-opening	None	Items 5, 6, 7, 11
Initial and ongoing training	Sections 3.5, 3.21, 3.23, 6.3	Item 11
Opening	Section 3.5, 3.5.1	Item 11
Fees	Sections 3.3, 3.7, 3.7.1, 3.7.2, 3.8, 3.8.1, 3.8.2, 3.8.3, 3.8.4, 3.9, 3.11, 3.13	Items 5, 6, 7
Compliance with standards and policies/Operating Manual	Sections 3.1, 3.2, 3.10, 3.10.1, 3.10.2, 3.10.3, 3.13, 3.15, 3.17, 3.18, 3.22, 3.24, 3.25, 3.26, 3.28, 3.29, 3.30, 6.2	Item 11
Trademark and proprietary information	Sections 1.1, 3.1, 3.1.3, 3.15, 3.28, 3.30, 3.31, 3.32, 3.32.1, 3.32.2, 3.32.3, 3.32.4, 4.1, 4.5, 4.8, 5	Items 13, 14
Restrictions on products/services offered	Sections 2.1, 3.4, 3.14, 3.25	Items 8, 12, 16
Warranty and customer service requirements	Sections 3.14, 3.22, 3.23, 3.30	Item 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
Territorial development and sales quotas	Sections 2.1, 3.4, 3.5, 3.6, 3.26	Item 12
On-going product/service purchases	None	Item 8
Maintenance, appearance and remodeling requirements	Sections 3.17, 3.27	Items 6, 11, 17
Insurance	Section 3.18	Items 6, 7, 8
Advertising	Sections 3.1, 3.9, 3.15, 3.28	Items 6, 7, 11
Indemnification	Sections 3.14, 3.18, 3.19, 4.6, 13.5	Items 6
Owner's participation/management/staffing	Sections 3.2, 3.21, 3.22, 3.23(c), 8.1(d), 10.3	Items 11, 15
Records and reports	Sections 3.10, 3.10.1, 3.10.2, 3.10.3, 3.13, 3.27, 8.2(c), 8.3	Item 6, 11
Inspections and audits	Sections 3.13(c), 3.30	Items 6, 11, 16
Transfer	Section 10	Items 6, 17
Renewal	Section 9	Items 6, 17
Post-termination obligations	Sections 8.2, 8.3, 8.4	Item 17
Non-competition covenants	Section 4	Item 17
Other	None	

ITEM 10 FINANCING ARRANGEMENTS

Initial Franchise Fee.

The initial franchise fee is due at the time the Regional Franchise Agreement is signed. To assist in the purchase of a JANI-KING Regional Franchise, we may, at our sole option, finance a portion of the initial franchise fee.

If we elect this option, the balance is payable in equal monthly installments over a period of time not to exceed 24 months. You must sign the standard form Promissory Note in Exhibit B, with an APR of 8% on the principal unpaid balance over such period. This note is secured by your JANI-KING franchise and is payable to us. Financing is offered only for the initial franchise fee, and not for any other purpose, except as specifically agreed to in writing by us.

You may prepay the note at any time without a penalty. If you do not pay on time or if you fail to comply with any provisions of the Guarantee or of the Regional Franchise Agreement, we can accelerate the Promissory Note and demand immediate payment of the full outstanding balance (Promissory Note, Sections 1 and 2) and obtain court costs and attorneys' fees if a collection action is necessary (Promissory Note, immediately following Section 6). The Promissory Note contains provisions for waiver of demand and notice, but it does not contain any provision to bar you from asserting any defense against us (Promissory Note, immediately preceding Section 1). Failure to pay your Promissory Note on time will also constitute a default under the Regional Franchise Agreement, which may result in the termination of your franchise.

If you are a corporation, or other limited liability entity, the note must be guaranteed individually by all shareholders, members, officers and directors and the wives of all shareholders, members, officers and directors, or, if you are a partnership, by all the partners and their spouses.

No waiver of defenses or similar provisions is included in any note, contract, or other instrument to be executed by you.

We reserve the right to sell, assign or discount to a third party, in whole or in part, any note or negotiable instrument executed by you.

We have never received, nor do we now intend to receive any payments from any person for the placement of financing with such person. We also do not guarantee any of your obligations to third parties.

Equipment Lease through Affiliate.

Our affiliate, LEASING, provides lease arrangements for some of the equipment you and/or your Unit Franchisees will use in your and/or their franchise. LEASING determines all the terms and conditions of the leases offered by them, and they may be modified or changed

without our consent. The lease arrangements vary depending on the particular piece of equipment. A description of the types of equipment along with the Manufacturer's List Price, Cash Price, Down Payment, Monthly Lease Payment, Term of months, and Total Payments for each piece of equipment is available from LEASING. Neither you nor your Unit Franchisees are required to purchase any items from LEASING.

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

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

Pre-Opening Obligations.

Before you open your business we will:

(1) Grant you the right to operate a Jani-King regional franchise and a license to use the Jani-King marks in an exclusive, specific geographical territory. (Regional Franchise Agreement: 2.1).

(2) Provide you with the office supply and advertising package as outlined in Schedule One of the Regional Franchise Agreement (See Exhibit A herein). If you are renewing your Regional Franchise or acquiring ownership of a Regional Franchise through a transfer, then the office supply and advertising package outlined in Schedule One will not be provided. (Regional Franchise Agreement: 6.1).

(3) Provide you access to our confidential manuals and training aids. (Regional Franchise Agreement: 6.2).

(4) Within 120 days of signing your Regional Franchise Agreement, provide a comprehensive training program that will include a total of approximately 6 weeks of training and on-site assistance, as described in the section called "Training" below. We will provide sessions of on-location assistance in office start-up, sales, operations, and office management. These on-location sessions will utilize approximately 5 weeks of the total, which may or may not be consecutive. If you are renewing your Regional Franchise, then this training will not apply. (Regional Franchise Agreement: 6.3).

(5) Provide you the lists of approved products and names of designated or approved suppliers for the purchase or lease of supplies and equipment. (Regional Franchise Agreement: 4.1). We do not deliver or install such supplies or equipment.

(6) Advise you in determining a location for establishing an office for the operation of your business as a portion of our services rendered during the initial training period. Office selection, layout and furnishing must be approved by us to protect the image and reputation of JANI-KING. We will make sure the appearance complies with the JANI-KING standards, but you are responsible throughout the term of the Regional Franchise Agreement to maintain each of your office(s) in compliance with the JANI-KING standards and to also ensure that your Unit

Franchisees, if they maintain a business office, also comply with these standards. (Regional Franchise Agreement: 3.27).

(7) Although we are not bound by the Regional Franchise Agreement or any related agreement to provide any other services to you prior to you opening your business, we will make every effort to assist you by being available during normal business hours to answer any questions you may have before the opening of your franchise business. Usual areas of inquiry include, but are not limited to: technical, administrative, sales, and promotional. Throughout the term of the Regional Franchise Agreement, we will offer you sales, marketing and technical assistance, and consultation and advice on operational procedures. (Regional Franchise Agreement: 6.4).

Typical Length of Time Before You Open Your Franchise.

“Operational”, “open” or “open for business” means that you have been granted a regional franchise, successfully completed the initial training, acquired the necessary equipment and insurance, are in possession of your initial business office, and are authorized by us to begin your business. The typical length of time between the signing of the Regional Franchise Agreement or the first payment of any consideration for the franchise and the opening of the Regional Franchisee’s business is 8 weeks. However, the length of time may range up to 6 months or more and depends on the specific fact situation of each individual Regional Franchisee.

Continuing Obligations.

After you open your business we will:

(1) Provide an additional period of on-site assistance to you in office start up, sales, operations, and administrative procedures implementation. Consultation at your business premises after the initial training period is available at a rate of \$800 per day per person, or portion of a day, plus reasonable expenses. (This rate is subject to increase after the first year of the Agreement.) (Regional Franchise Agreement: 6.4).

(2) Provide you access to our confidential manuals and training aids. (Regional Franchise Agreement: 6.2).

(3) Grant you the right in the territory described in the Regional Franchise Agreement to use JANI-KING marks, insignia, logo, design, and color scheme, and to utilize the processes, methods, materials, equipment and promotional plans developed by JANI-KING. (Regional Franchise Agreement: 6.5).

(4) Inform you of promotional materials, sales and service manuals, and other materials as they are developed that would be relevant to the operation of a JANI-KING Regional Franchise and to provide these materials to you in exchange for payment. (Regional Franchise Agreement: 6.7).

(5) Establish, maintain, and administer an advertising fund and charge you an advertising fee equal to 1% of your Gross Revenue. (Regional Franchise Agreement: 3.9) We reserve the right to raise the advertising fee to 2% of your Gross Revenue.

(6) Although we are not obligated to provide any other services to you, we will use our best efforts to provide the following guidance and assistance to enhance the growth and performance of the JANI-KING franchise system. Such guidance and assistance may include the following:

(a) We will continue to search for more cost-efficient sources of supply. With the strength of group purchasing, we will endeavor to purchase supplies and inventory at reduced rates, and pass along the benefits of quantity purchasing to all Regional Franchisees. However, you are not required to purchase any cleaning equipment or supplies from us or other parties and you may be able to obtain equal or lower prices on comparable products purchased from other sources.

(b) We may perform periodic quality control visits to each office of a Regional Franchisee and clients serviced by a Regional Franchisee or one of your Unit Franchisees. We may also send out quality control information requests to your clients. During such visits, all phases of operations are inspected and recommendations to correct deficiencies, improve techniques, and enhance the efficiency of your regional franchise may be offered. Our representative will be available to answer routine questions by telephone during normal business hours. In-depth business consultation in the field or at your business office after the initial training period is available on the terms discussed in paragraph (1) immediately above.

(7) We reserve the right to assume responsibility for computerized or manual billing and accounting services to businesses serviced by you and your Unit Franchisees, if certain circumstances as outlined in the Regional Franchise Agreement arise. In such event we will, on or before the 5th day of each month, disburse to you all monies due you from actual collections during the past calendar month, after deducting (i) all royalties due and owing to us under the terms of the Regional Franchise Agreement and (ii) an amount equal to the costs and expenses incurred by us for performing such billing. In the event the 5th day of the month falls on a Saturday, Sunday, or recognized holiday, then all such amounts due to the Unit Franchisees or to you will be disbursed before the end of the next business day.

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

Advertising.

We charge an Advertising Fee of 1% of your monthly Gross Revenue for the purpose of establishing and operating an advertising fund on a regional or national. (Regional Franchise Agreement: 3.9). We also reserve the right to increase the advertising fee to 2% of your monthly Gross Revenues. Company-owned JANI-KING businesses do not pay Advertising Fees. We are not obligated to conduct advertising for the Jani-King system.

The Advertising Fee will be used by us or our designee as follows:

1. We will direct all advertising programs and will have sole discretion to approve or disapprove the creative concepts, materials and media used in the programs. The Advertising Fee is intended to be used to maximize general public recognition and acceptance of the registered trademarks and enhance the collective success of all franchises operating under the Jani-King system. None of the Advertising Fee is specifically or principally used for advertising that is principally a solicitation for the sale of franchises. In using the Advertising Fee, we and our designees are not required to make expenditures for you which are equivalent or proportionate to your payment or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. We or our designees are also not required to advertise in the area where you are located.

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

3. The Advertising Fee may also be used in our National Vehicle Program which is a voluntary program through which you can purchase a select number of vehicles from a national vehicle manufacturer. If you participate in the National Vehicle Program, you are required to have a decal installed on the vehicle you purchase. The cost and installation of the vehicle decal will be paid out of the Advertising Fee.

We currently advertise or may advertise Jani-King services in various forms of media, including: radio, magazine, newspaper, internet and stock-car racing advertising campaigns; and direct mail and outdoor billboard advertising. Our print advertising may also include general business magazines, direct mail, vehicle signage, and yellow page directory listings. Our advertising also includes telemarketing, video and audio tapes, and various point-of-sale items. Most of our advertising is developed by members of our staff and outside advertising agencies. We use national, regional and local advertising agencies to assist us in the development and placement of advertising on an as needed basis.

During our fiscal year ending December 31, 2022, we spent 81.85% of the consolidated Advertising Fee collected from franchisees in all related franchising entities on sponsorship affiliated marketing, 10.83% on digital marketing strategies and products, 6.52% on print advertising and public relations, 0.18% on trade show related expenses, and 0.62% on miscellaneous advertising expenses.

You must obtain our approval before you use any advertising and promotional materials, signs, forms, and stationery. You may purchase advertising and promotional materials, brochures, fliers, forms, business cards, and letterhead from us.

We do not perform an audit relating to the Advertising Fee and there are no financial statements relating to the Advertising Fee that are available for your review.

There is no advertising council comprised of franchisees that advises the franchisor on advertising policies. You are not required to participate in a local or regional advertising cooperative.

Computer Systems.

We require you to obtain, install, and use certain computer hardware, 2 printers, internet connections and service, dedicated telephone and power lines, and various software designed to be used in operating your franchise, including but not limited to third party software such as MS Office, Adobe Acrobat, and Jani-King owned software as described in detail below. See Item 7 for the approximate cost of these items.

We require that you install the Jani-King Accounting System. The Jani-King Accounting System is our proprietary property. Under the Regional Franchise Agreement and the related Software License Agreement, we license to you our Jani-King Accounting System which you must install and use in the operation of your Jani-King franchise operations. Under our license, you may install and use the Jani-King Accounting System on any single user CPU free of additional charge, but we reserve the right to charge a nominal fee per CPU (not to exceed \$250) to install it on a network configuration. We will provide ongoing support, maintenance, upgrades and updates to this software consistent with the operating practices of the franchise. Although we do not currently charge any fees for the proprietary software, we reserve the right to charge monthly, annual, maintenance, support, upgrade, or update fees or a combination of these fees in the future.

While it is not required, you may also purchase software modules developed by us for use in connection the operation of your franchise. These software modules include handheld inspections, commissions, graphs and charts, document storage and retrieval, account offering, and franchisee portal. You will be charged a one-time fee for each software module which currently is: \$1,000 for each of (i) the graphs and charts, (ii) the document storage and retrieval, (iii) accounting offering modules; and (iv) franchisee portal (the installation cost for the franchisee portal increases for installation in multiple regions); \$2,000 for the commissions module; and \$2,500 for the handheld inspections module. The fee for each module may change. In addition to the initial fee, you will be required to pay an annual renewal and support fee which currently is: \$300 for each of the graphs and charts, document storage and retrieval, and accounting offering modules; \$600 for the commissions module; \$750 for the handheld inspections module; and \$3,500 for the franchisee portal. The annual renewal and support fee for each module may change.

The Jani-King Accounting System is our proprietary software, but it also includes third party software. Under the Software License Agreement, we license to you this software for use by you in your Jani-King franchise operations.

There are many sources for compatible hardware and software. All are approved within the definitions provided above. We use broadband internet connection to your business both to provide you data and computer programs, and to retrieve performance data from your computer systems. We also use the broadband internet connection to perform “trouble-shooting” for you from our headquarters. The Regional Franchise Agreement permits us to access any data or other information available remotely, by broadband internet or otherwise, relating to the activity or performance of your franchise.

Jani-King is not obligated to assist you in obtaining these items. You must update and replace your equipment and software as significant new or improved functionality becomes available and we make it a part of the Jani-King franchise system. Upgrades may require you to make significant expenditures. We do not reimburse you for these expenditures. We cannot estimate the cost of maintaining, updating or upgrading your computer equipment because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict.

Manuals.

We will loan you a copy of our (1) Regional Franchisor Policy and Procedures Manual, (2) Regional Director’s Training Manual, and (3) Regional Director’s Guide. These manuals contain both mandatory and suggested specifications, standards, and procedures for operating your Jani-King business. The manuals are confidential and remain our property. Jani-King may modify the manuals from time to time, but the modifications will not alter your status and rights under the Regional Franchise Agreement. The Tables of Contents of the 3 manuals are included in Exhibit D.

Training.

We will provide initial training on the operation of your Regional Franchise business to you, and you must attend and complete, to our satisfaction, our initial training program. Successful completion of the training program is mandatory for all your owners, members, directors and officers who will actively participate in the operations of your Regional Franchise. The initial training program designed for Unit Franchisees must also be completed by each of your Unit Franchisees in accordance with JANI-KING specifications.

We will conduct the first week of your initial training program at a location to be determined by us. The remainder of the training program will be conducted at your franchise’s principal business office.

The training program we offer will consist of six weeks of training and on-site assistance. This program will begin with an extensive training session of approximately one week in duration that includes JANI-KING methods and procedures for cleaning, franchise and contract sales, and operational and management aspects of the JANI-KING office. Thereafter, we provide

additional sessions of on-location assistance in office start-up, sales, operations, and office management. These later sessions generally take a total of five weeks, which may not be consecutive weeks. (Regional Franchise Agreement: 6.3).

The training program includes information about production procedures and rates, marketing, and management matters presented through classroom lectures and discussions, actual demonstrations, printed manuals, video presentations, formal instructions, and practical hands-on training. Home study materials include video training DVDs on cleaning techniques and safety that may also be used for your personnel.

Our initial training will be conducted by persons who are active operations and administration managers and staff from our corporate and regional offices that will be supporting you. The person(s) conducting the initial training will have at least six months experience in the commercial cleaning industry. The person(s) currently conducting the initial training were hired by Jani-King between June 2000 and January 2020. We also expect to draw on the substantial experience of our senior corporate marketing, sales and operations managers.

There is no additional fee for this initial training, but you are responsible for any travel and living expenses which you and your principals incur in connection with receiving the training.

If you are entering into a Regional Franchise Agreement to renew your Regional Franchise, then initial training will not be provided, and you do not need to complete initial training again.

Additional training and refresher courses, and Jani-King Annual meetings and conferences, are held periodically. Attendance is required for the Annual Meeting and may be required for other meetings. Regional Franchisees must pay their costs of travel and lodging to such meetings. Assistance from our corporate office is available during normal business hours by telephone and in person upon reasonable notice and payment of the consulting fees and expenses as set forth in the Regional Franchise Agreement.

We reserve the right to establish company policies and/or procedures pertaining to the operation of the Regional Franchisees' franchised businesses and your Unit Franchisees. Under the Regional Franchise Agreement, you will agree that you will be bound by said policies and/or procedures upon receipt of them by you. We will keep a current updated manual of all such policies and procedures at our corporate office. In the event that policies and procedures kept by you or your Unit Franchisees differ from those kept by us, the policies and procedures in our corporate office manual will be controlling.

Training classes for Regional Franchisees are held on a demand basis, most often when a regional franchise has been purchased. Depending on when the regional franchise is purchased, training could begin as soon as the Regional Franchise Agreement is signed, but normally no later than 30-45 days following its signing. The course consists of a six week agenda. The first week is conducted at an established, corporate-owned regional office. The subjects covered, the type of instructional material, and the hours of classroom and on the job training during the initial one week training program are described below.

TRAINING PROGRAM

SUBJECT	INSTRUCTIONAL MATERIAL	HOURS	
		CLASSROOM	ON THE JOB
DAY ONE			
Orientation & Company Structure	Manuals	2	0
Training Methods & Sales Techniques	Manuals & Video	2.5	0
Franchise Sales	Manuals	4.5	0
Operational Training	Manuals & Video	0	3
DAY TWO			
Franchise Sales	Quiz	0.5	0
Franchise Agreements	Manuals	1.75	0
Policy & Procedures	Manuals	2	0
Marketing	Manuals	2.25	3
Operational Training	Manuals & Video	0	3
DAY THREE			
Marketing	Manuals	6	3
Operational Training	Manuals & Video	0	3
DAY FOUR			
Policies & Procedures	Quiz	0.5	0
Marketing	Manuals	3.75	0
Operations	Manuals	0.25	3
Franchise Sales	Manuals	2	0
Operational Training	Manuals & Video	0	3
DAY FIVE			
Marketing	Quiz	0.5	0
Administration	Manuals	4	0
Open Discussion	Manuals	2.5	0
Review	Manuals	2	0
	TOTALS	37	21

Following the completion of the first week's training, a support team travels to your specific city to assist in establishing your regional office. Training may include topics such as building selection, administration, marketing, contract sales, and customer training, depending on the level of the Regional Franchisee's experience and specific needs. This portion of the

training program is tailored to your individual needs and may cover any number or all of the above captioned topics.

The materials used in training include the Manuals as well as other materials, including video presentations.

ITEM 12 TERRITORY

You will be licensed and permitted to operate pursuant to the Regional Franchise Agreement in a specific territory as designated in the Regional Franchise Agreement. The territory is typically delineated by the boundaries of a designated Standard Metropolitan Statistical Area, and/or specific county, city, or country borders sufficient to encompass a specified population. This territory will be determined by us, and each prospective Regional Franchisee will be informed as to the specific boundaries of the territory prior to execution of the Regional Franchise Agreement by inserting a description thereof in the body of the text, or by attaching a map or description thereof as an exhibit. The Regional Franchise Agreement does not give you the right to relocate your regional franchise to another territory, and you do not receive the right to acquire additional regional franchises within or outside of your territory unless you sign another Regional Franchise Agreement with us.

You will have the exclusive right to operate the Jani-King regional franchise within your prescribed territory. Except under the circumstances provided for in the Regional Franchise Agreement, we will not grant other such franchises nor establish our own outlets within your territory. We will not establish other franchises with similar products or services under a different trade name or trademark within your territory. Without compensating you, we may solicit business from customers where you are providing service, and we may use any channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales within the area where you are providing service using the Marks or any other trademarks.

We may institute certain sales volumes and market penetration contingencies in the Regional Franchise Agreement. Continuation of your exclusive territory is dependent upon achievement of that sales volume or market penetration schedule, and if you fail to maintain the minimum levels established, it could result in the loss or modification of your rights to the exclusive territory. You are not allowed to solicit or perform services outside of your territory through any method of distribution, including alternative channels of distribution, such as internet, catalog sales, telemarketing, or other direct marketing.

You agree to reasonably participate in bidding (including providing commercial reasonable bid estimates) and providing services to any account locations we arrange for in your prescribed territory, including, but not limited to, any account location that is included as part of our national account program. In the event you do not participate in or assist in the bidding, do not provide a commercially reasonable bid estimate, do not provide service to any account location, or otherwise fail to participate in the national account program, we are authorized to arrange for bidding and services to the account location(s) (including those located in your

territory) and to collect all monies from such services without distribution of any of the monies to you.

You may use the internet to advertise on our JANI-KING website only in compliance with the Regional Franchise Agreement. You may not operate your own Jani-King website.

ITEM 13 TRADEMARKS

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating your franchise. Our primary service marks are the word mark, “JANI-KING”, and the JANI-KING logo with the dot on the letter “I” in “JANI” formed by an outline of a crown as shown in the upper left corner of the cover sheet to this disclosure document. JK INT’L owns the JANI-KING marks and we are licensed to use them as an affiliated subsidiary. While this mark is not currently licensed to any of our franchisees for use, JK INT’L may elect to license its use in the future.

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

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

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

There are no currently effective material determinations by the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or of any court, nor are there any pending infringement, opposition or cancellation proceedings or any pending material litigation involving our principal marks which are relevant to their use in this state or in any other state in which the franchise business is to be located.

We know of no superior rights or infringing uses that could materially affect your use of these marks in any state where your franchise business will be located.

Our rights to the Marks are derived from a nonexclusive License Agreement with Right to Grant Franchisee Sublicenses (the “Intercompany License”) between us and JK INT’L. The Intercompany License grants us the right to use the Marks including licensing them to our franchisees and fulfilling our obligations under the Regional Franchise Agreement. The Intercompany License is revocable for material breach of the Intercompany License agreement

if we do not cure or begin to cure any breach after notice from JK INT'L. If the Intercompany License were to be cancelled or terminated, then your Regional Franchise Agreement will be assigned to JK INT'L or another entity designated by JK INT'L. Besides the change to the name of the franchisor, all other terms of your Regional Franchise Agreement will remain the same. We know of no other agreement currently in effect which significantly limits our rights to use or license the use of the Marks in any manner material to you.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You must agree not to communicate with any person other than us, any designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, from any infringement, challenge or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.

We are not obligated to protect your rights to use these Marks, or to protect you against claims of infringement or unfair competition that result from your use of the marks within the terms of the Regional Franchise Agreement, although we intend to do so when that action is in the best interest of the JANI-KING system. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorably to you.

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

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights.

We do not own any right in or to any patent or registered copyrights, and we do not have any pending patent applications, that are material to the franchise.

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

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. No agreements are currently in effect which significantly limit our right to use or authorize our franchisees to use of copyrighted materials. Neither we nor JK INT'L know of any infringing uses which could

materially affect your use of the copyrighted materials in any state. Neither we nor JK INT'L are required by any agreement to protect or defend copyrights, patents, or confidential information, although we intend to do so when that action is in the best interest of the JANI-KING system.

Confidential Manuals.

You must operate the franchise according to the standards, policies, and procedures specified in the operating manuals. We will loan one copy of the manuals to you for the term of the Regional Franchise Agreement. You must treat the manuals and any other materials we create or approve for use in the operation of your franchise, and the information in them as confidential.

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

Confidential Information.

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

You and your principals must not use or communicate, either during or after the term of the Regional Franchise Agreement, the contents of any confidential manuals or forms, or any other trade secrets or confidential information about the operation of the franchise or of the JANI-KING system, except as provided for in the Regional Franchise Agreement. You must

also use all reasonable efforts to maintain this information as secret and confidential, and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person without our written permission.

If you (including your officers, directors, managers and/or members, if you are a corporation or limited liability company), your principals, or any of your employees develop any new materials, concept, process, or improvement in the operation or promotion of the business, you must give us notice and all necessary information related to such development(s). These developments are and will remain our property, without compensation, and we will have the right to use or disclose them to other franchisees if we believe it is appropriate.

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

As a Regional Franchise owner you are required to participate in the direct operation of the business. We believe that only a person with an equity interest can adequately ensure that the standards of quality and competence established by us are being maintained. The terms of the Regional Franchise Agreement require that you be directly involved in the day-to-day operations of the business. Neither we nor any representative or agent acting on our behalf make any representations or promises regarding the success or failure of your franchise business in your territory.

If you are a corporation or other limited liability entity, your owners, members, directors and officers and the spouses of your owners, members, directors, and officers must sign an agreement to personally and unconditionally guarantee your obligations under the Regional Franchise Agreement and agree to be personally bound by, and personally liable for, the breach of every provision of the Regional Franchise Agreement. The owners must agree to maintain confidentiality of the proprietary information described in Item 14 and to conform to the covenants not to compete described in Item 17. The same applies to your partners if you are a partnership, their spouses, and to your spouse if you are married and your spouse is not a partner in the franchise business. The form of that “Guarantee” agreement is attached to this disclosure document in Exhibit B.

You, your officers, directors, or partners, as the case may be, must agree to maintain confidentiality of the proprietary information described in Item 14 and to conform to the covenants not to compete described in Item 17. The same restrictions apply to any individuals you employ in a managerial position and to your Unit Franchisees.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all types of products, and perform all services that we require for JANI-KING businesses. You may not offer for sale any types of products or perform any services that we have not authorized. You are limited in the operation of the franchise business to the sale of JANI-KING franchises within the exclusive area covered by the Regional Franchise Agreement, the continuing oversight of such Unit Franchisees offering to the public complete

cleaning and/or maintenance related services, and your own offering to the public and providing such complete cleaning and/or maintenance related services. No other services are envisioned under the rights granted. No other limits or restrictions are placed on the type or quantity of customers to whom you may sell JANI-KING franchises except for restrictions contained within the Regional Franchise Agreement.

Our system standards may regulate required or authorized products, product categories and supplies. We have the right to change the types of required and/or authorized goods and services without limitation.

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

All proposals and contracts for services must be on our approved forms. You must not solicit or accept accounts outside of your designated territory. You must use an approved JANI-KING Maintenance Agreement for all business you solicit.

Likewise, unless you do not reasonably participate in bidding and servicing an account location as described in Item 12, we will not solicit an account in your designated territory. However, we may monitor the performance reports on all accounts and may also perform periodic quality control visits to locations under your care. During these visits we will inspect and evaluate the quality of the cleaning services you are providing for the client. If at any time, whether through complaint or inspection, a deficiency in performance is discovered concerning an account you service, and you do not cure the deficiency within the time stated in the policies and procedures or the notice provided to you, you may be in default of the Regional Franchise Agreement under which we have the right to terminate your Regional Franchise Agreement. We may then transfer your contracts to another franchisee or service the account through our “in-house” operation.

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

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN REGIONAL FRANCHISE AGREEMENT	SUMMARY
(a) Length of the franchise term	Section 9.1	10 Years

PROVISION	SECTION IN REGIONAL FRANCHISE AGREEMENT	SUMMARY
(b) Renewal or extension of the term	Section 9.2	If you are in good standing, you can renew or extend the term of your franchise on our then current terms for additional 10-year periods
(c) Requirements for you to renew or extend	Sections 9.3, 9.4	<p>We may allow you to renew your franchise and remain as a franchisee after the initial term of your Regional Franchise Agreement expires if you meet the criteria set forth in the Regional Franchise Agreement. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of Regional Franchise Agreement, which may be materially different than the form attached to this disclosure document.</p> <p>Other requirements include: You must give us written notice of your desire to renew 7 to 12 months before the end of the term and you must sign a general release.</p>
(d) Termination by you	Not Applicable	You are not permitted to terminate the agreement.
(e) Termination by us without cause	Not Applicable	Not Applicable
(f) Termination by us with cause	Section 8.1	We can terminate only if you commit a default
(g) "Cause" defined - defaults which can be cured	Section 8.1	The following defaults, if not cured when we have given written notice of your failure and advised you to take corrective action within 30 days: failure to comply with any provisions of the Regional Franchise Agreement or other

PROVISION	SECTION IN REGIONAL FRANCHISE AGREEMENT	SUMMARY
		agreements; failure to pay any monies when due; failure to submit the required financial information; failure to maintain the standards that we require in the Regional Franchise Agreement or Manuals; engaging in conduct that reflects materially and unfavorably on the operation and reputation of the JANI-KING System; failure to obtain any required approvals; misuse of JANI-KING marks; insolvency or bankruptcy.
(h) "Cause" defined – non-curable defaults	Section 8.1	Non-curable defaults include being convicted of, pleading guilty or no contest to, or receiving deferred adjudication for a felony, crime of moral turpitude, or certain other crimes; disclosure of confidential information; failure to effect an approved transfer after death or permanent incapacity of the principal executive officer or a partner; abandonment; unauthorized transfer; material misrepresentations when you purchase the franchise; repeated failure to comply with the Regional Franchise Agreement or Manual's requirements, even if corrected.
(i) Your obligations on termination/renewal	Sections 8.2, 8.3, 8.4, 8.5	You must immediately cease use of all JANI-KING marks, trade secrets and all aspects of the JANI-KING system. You must immediately return to us all advertising matter, products or writing that contain JANI-KING's logo, trade name or copyright, as well as any information of a proprietary nature; return to us all keys to buildings, security passes and/or codes. You

PROVISION	SECTION IN REGIONAL FRANCHISE AGREEMENT	SUMMARY
		must surrender all contracts between you and/or us and clients and pay us all sums due, subject to \$500 per day liquidated damages (also see Non-competition below). The Regional Franchise Agreement contains a liquidated damages clause. You must turn over all records related to the business and assign to us all telephone numbers and social media accounts.
(j) Assignment of contract by us	Section 10.1	We are permitted to sell or assign our rights to any person or legal entity
(k) "Transfer" by you defined	Section 10.1	Includes transfer of Regional Franchise Agreement or assets or ownership change.
(l) Our approval of transfer by you	Section 10.2	We have the right to approve all transfers.
(m) Conditions for our approval of transfer.	Section 10.2, 10.3	New franchisee qualifies, you are in full compliance with your Regional Franchise Agreement, you pay us all amounts due, transferee has agreed to undergo our Regional Franchisee training program, transferee agrees to execute our then-current form of Regional Franchise Agreement, transfer fee is paid, we approve written agreements regarding transfer; you supply us with any additional information we require; you provide, as a personal covenant to the transferee, in addition to your covenants to us, an agreement not to compete for a period of 2 years in the janitorial services industry, in the Territory granted under the Regional Franchise

PROVISION	SECTION IN REGIONAL FRANCHISE AGREEMENT	SUMMARY
		Agreement or any other territory granted under a JANI-KING franchise, after transfer, nor to seek to divert business from us and our franchisees; and you sign other documents we require.
(n) Our right of first refusal to acquire your business	Section 11	If you desire to sell your franchise at any time, we have a continuing right of first refusal to make such purchase.
(o) Our option to purchase your business	Not Applicable	Not Applicable
(p) Your death or disability	Section 10.3	Subject to Transfer rules, as defined by us. Also subject to default rules if an approved transfer is not affected.
(q) Non-competition covenants during the term of the franchise	Section 4.2	During the term, you must not: divert or attempt to divert from us or our franchisees any business or customer in the Territory or any other territory covered by a JANIKING franchise agreement; employ, seek to employ or induce to leave their employment, any managerial personnel currently employed (or recently employed within the last 6 months by) us, our affiliate or any of our franchisees without our prior written consent; engage in or have a financial interest in any other business which performs any service that Regional Franchisee is authorized to perform, either in the Territory or anywhere where there is an operating JANI-KING franchise.

PROVISION	SECTION IN REGIONAL FRANCHISE AGREEMENT	SUMMARY
(r) Non-competition covenants after the franchise is terminated or expires	Section 4.1 - 4.6, 8.2, 10.2	For 2 years, you must not: divert or attempt to divert from us or our franchisees any business or customer in the Territory or any other territory covered by a JANI-KING franchise agreement; employ, seek to employ or induce to leave their employment, and managerial personnel currently employed (or recently employed within the last 6 months by) us, our affiliate, or any of our franchisees without our prior written consent; engage in or have a financial interest in any business which performs any service that Regional Franchisee was authorized to perform, either in the Territory or anywhere where there is an operating JANI-KING franchise; do business in any manner or under any name that gives the impression the Regional Franchise Agreement is not terminated; permanent ban on the use of the name "JANI-". (The same restrictions apply after transfer of the Regional Franchise Agreement).
(s) Modification of the Regional Franchise Agreement	Section 9.4, 12.2, 13.3, 13.4	No modifications generally, except by written agreement, but we may change the Manuals and System Standards at any time. You may be required to implement these changes at your own cost.
(t) Integration/ Merger Clause	Section 13.3, 13.4	Only the terms of the Regional Franchise Agreement (including associated Manuals) are binding (subject to state law). Any other promises may not be enforceable.

PROVISION	SECTION IN REGIONAL FRANCHISE AGREEMENT	SUMMARY
(u) Dispute resolution by arbitration or mediation	None	
(v) Choice of forum	Section 13.9	Litigation must be in Dallas County, Texas (subject to your state law). The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes, supersedes any provision of the franchise contract or agreement, if such provisions are in conflict with that law.
(w) Choice of law	Section 13.9	Texas law applies without reference to choice of law principals.

In addition to the provisions noted in the above chart, the Regional Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Regional Franchise Agreement Sections 13.14, 13.15 and 13.16. We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer.

A provision in the Regional Franchise Agreement which terminates the Regional Franchise Agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure

document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Jani-King International, 16885 Dallas Parkway, Addison, Texas 75001, Attn: Legal Department, (972-991-0900), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

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

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	74	74	0
	2021	74	74	0
	2022	74	75	+1
Company- Owned	2020	16	16	0
	2021	16	16	0
	2022	16	12	-4
Total Outlets	2020	90	90	0
	2021	90	90	0
	2022	90	87	-3

¹ All numbers are as of our fiscal year end which is December 31.

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Table No. 2
Transfers of Outlets From Franchisees To New Owners
(Other than the Franchisor)
For Years 2020 to 2022¹

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arkansas	2020	1
	2021	0
	2022	0
Ohio	2020	0
	2021	0
	2022	1
Oregon	2020	0
	2021	0
	2022	0
Iowa	2020	1*
	2021	0
	2022	0
Rhode Island	2020	1
	2021	0
	2022	0
Tennessee	2020	0
	2021	0
	2022	1
All Other States	2020	0
	2021	0
	2022	0
Totals	2020	3
	2021	0
	2022	2

¹ All numbers are as of our fiscal year end which is December 31.

* In connection with this transfer, the regional franchised business previously based in Iowa is now based in Nebraska.

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**Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022*1**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Arizona	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Arkansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Georgia	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Hawaii	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Idaho	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Illinois	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kansas	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Kentucky	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Louisiana	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Maryland	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Mississippi	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Missouri	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nebraska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nevada	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Mexico	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Ohio	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Oregon	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Rhode Island	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Tennessee	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Texas	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Utah	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Washington	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Wisconsin	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
All Other	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals	2020	74	0	0	0	0	0	74
	2021	74	0	0	0	0	0	74
	2022	74	1	0	0	0	0	75

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

¹ All numbers are as of our fiscal year end which is December 31.

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Table No. 4
Status of Company-Owned Outlets
For Years 2020 to 2022¹

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2020	4	0	0	0	0	4
	2021	4	0	0	0	0	4
	2022	4	0	0	4	0	0
Connecticut	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Florida	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Michigan	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Minnesota	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
New Jersey	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	1	0
New York	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Oklahoma	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Pennsylvania	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Virginia	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
All Other States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	2020	16	0	0	0	0	16
	2021	16	0	0	0	0	16
	2022	16	0	0	4	0	12

¹ All numbers are as of our fiscal year end which is December 31.

Table No. 5
Projected Openings as of December 31, 2022

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
All States	0	0	0
Totals	0	0	0

Please understand that you have the opportunity to contact existing and certain other former franchisees and we urge you to do so. A list of names, addresses, and business telephone numbers of all franchisees under franchise agreements with us as of December 31, 2022 which are located in the state where the proposed franchise is to be located is provided in Exhibit F.

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

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

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

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

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

ITEM 21 FINANCIAL STATEMENTS

The financial statements listed below are attached to this franchise disclosure document as Exhibit E.

1. Consolidated, audited financial statements of JK INT'L as of December 31, 2020, December 31, 2021, and December 31, 2022, which include the consolidated balance sheets, consolidated statements of income and comprehensive income, consolidated statements of shareholder's equity, consolidated statements of cash flows, and notes to the consolidated financial statements, together with Report of Independent Certified Public Accountants.
2. Consolidated, unaudited financial statements of JK INT'L for the period covering January 1, 2023 to June 30, 2023, which include the consolidated balance sheets and consolidated statements of earnings and retained earnings.

JK INT'L has executed a Guarantee of Performance for us, which is included in Exhibit H. JK INT'L absolutely and unconditionally guarantees our duties and obligations under the Franchise Agreement should we become unable to perform them.

ITEM 22 CONTRACTS

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

Exhibit:

- A. Regional Franchise Agreement
- B. Promissory Note/Guarantee
- H. Software License Agreement
- J. General Release

ITEM 23 RECEIPTS

Attached as the last two pages of this disclosure document (See Exhibit K) are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A
REGIONAL FRANCHISE AGREEMENT

**REGIONAL FRANCHISE AGREEMENT
TABLE OF CONTENTS**

<u>SECTION</u>	<u>SUB SECTION</u>		<u>PAGE</u>
		IDENTIFICATION OF PARTIES	1
1		RECITAL	1
2		GRANT OF FRANCHISE	
	2.1	Description of Territory	2
3		REGIONAL FRANCHISEE PLEDGES	
	3.1	Trade Name	2
	3.2	Devotion to Business	3
	3.3	Initial Franchise Fee	3
	3.4	Limitation on Subfranchising	4
	3.5	Market Penetration Requirements	4
	3.6	Minimum for Active Franchises	4
	3.7	Royalties	4
	3.8	Phase-in of Cumulative Minimum Royalty	7
	3.9	Advertising Fee	8
	3.10	Reporting Requirements	8
	3.11	Late Charge	9
	3.12	Prompt Payment	9
	3.13	Preparation and Maintenance of Books and Records	9
	3.14	Indemnification by Franchisee	10
	3.15	Supervision of Trademarks	11
	3.16	Enforcement of Unit Franchise Agreements	11
	3.17	Clean and Safe Place of Business	11
	3.18	Insurance	11
	3.19	Defense of Claims	12
	3.20	Taxes	12
	3.21	Attendance at Training Sessions	13
	3.22	Dealings with Unit Franchisees	13
	3.23	Training for Unit Franchisees	13
	3.24	Quantity Purchasing	14
	3.25	Franchise Offering Circular	14
	3.26	Responsibility for Prices	14
	3.27	Office Location and Decor	14
	3.28	Approval of Marketing Materials	15
	3.29	Policies and Procedures	15
	3.30	Modification of System	15
	3.31	Development of New Concepts	15
	3.32	Copyright	15
	3.33	List of Principals	16
	3.34	Bylaw Requirement	16
	3.35	Assist in National Account Bidding	16
	3.36	Jani-King Accounting Software	16

SUB
SECTION SECTION PAGE

4		NONCOMPETITION	
	4.1	Confidential Information	17
	4.2	Restrictive Covenant	17
	4.3	Independent Construction	18
	4.4	Reduction of Scope	18
	4.5	Ownership of Material	19
	4.6	Claims Not a Defense	19
	4.7	Consent for Application of Injunction	19
	4.8	Covenants for Key Employees	19

5		CONFIDENTIAL PROPRIETARY AND TRADE SECRET INFORMATION	20
---	--	--	----

6		FRANCHISOR OBLIGATIONS	
	6.1	Office Supply and Advertising Package	20
	6.2	Documentation for System	20
	6.3	Training of Regional Franchisee	21
	6.4	Technical Assistance	21
	6.5	Use of Jani-King Trademarks	21
	6.6	Right to Profit	21
	6.7	Promotional Developments	21
	6.8	Assumption of Accounting Systems	21

7		TERMINATION BY REGIONAL FRANCHISEE	22
---	--	---	----

8		DEFAULT AND TERMINATION	
	8.1	Events Deemed as Default	22
	8.2	Obligations Upon Termination or Non-renewal	24
	8.3	Surrender of Property	25
	8.4	Liquidated Damages	25
	8.5	Other Remedies	26
	8.6	Savings Clause	26

9		TERM AND EXTENSION	
	9.1	Initial Term	26
	9.2	Additional Periods	26
	9.3	Requirements of General Release	26
	9.4	Execute New Regional Franchise Agreement	26

10		TRANSFER	
	10.1	Right to Transfer	26
	10.2	Requirements for Transfer	26
	10.3	Death or Disability	28

11		RIGHT OF FIRST REFUSAL	
	11.1	Offer to Franchisor	29
	11.2	Verified Offer and Notice	29
	11.3	30 Day Acceptance Period	29
	11.4	Transfer Upon Insolvency	30

12		REGIONAL FRANCHISEE AS UNIT FRANCHISEE	
	12.1	Form of Agreement/Third Party Beneficiary	30
	12.2	Modification or Amendments	30
	12.3	Supervision and Enforcement	30
	12.4	Continuing Effect of Agreements	30

13		GENERAL	
	13.1	Time is of the Essence	31
	13.2	Prices and Discounts	31
	13.3	Savings Clause	31
	13.4	Entire Agreement	31
	13.5	New Account Assistance	31
	13.6	Independent Contractor	32
	13.7	No Waiver of Rights or Remedies	32
	13.8	Notices	32
	13.9	Choice of Law and Venue	33
	13.10	Effective Upon Execution	33
	13.11	Accepted by Home Office	33
	13.12	Titles and Headings	33
	13.13	Warranty of Interested Parties	33
	13.14	Limitation of Damages	33
	13.15	Jury Waiver	34
	13.16	Collective Action Waiver	34

		SIGNATURE PAGE	35
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		ATTACHMENT A	
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		SCHEDULES OF PRINCIPALS	
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		SCHEDULE ONE (Office and Advertising Supplies)	
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**JANI-KING FRANCHISING, INC.
REGIONAL FRANCHISE AGREEMENT**

THIS REGIONAL FRANCHISE AGREEMENT (“*Agreement*”) is made and entered into in Addison, Dallas County, Texas, by and between JANI-KING FRANCHISING, INC., a Texas corporation (“*Franchisor*”), and _____ hereinafter referred to as “*Regional Franchisee*”, doing business as a:

<input type="checkbox"/> Corporation Incorporated under the laws of _____	<input type="checkbox"/> Limited Liability Company Incorporated under the laws of _____	<input type="checkbox"/> Partnership
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for the purposes of allowing Regional Franchisee to operate a business as a Regional Franchisee of Jani-King. Franchisor and Regional Franchisee are each, a “*Party*” and together, the “*Parties*.”

**SECTION 1
RECITALS**

1.1. WHEREAS, Franchisor owns a system (the “*System*”) consisting of certain trademarks, trade names, trade dress, service marks, slogans and logos (the “*Proprietary Marks*”), and certain proprietary know-how and other Confidential Information (as defined herein) for:

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

(b) the supply and distribution of maintenance products and equipment using the System and the Confidential Information, and the promotion, sale and delivery of the same (the “*Products*”).

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

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

1.4. WHEREAS, the Parties desire that the Franchisor grant to the Regional Franchisee a license to use the System developed by Jani-King in the Territory for the business, and agree that such business will be governed by the terms, covenants, and conditions contained in this Agreement.

1.5. WHEREAS, it is acknowledged by the Parties that in all instances within this Agreement the use of the term “Franchise” will include a regional franchise and any unit franchise of the Regional Franchisee.

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

SECTION 2 GRANT OF FRANCHISE

2.1. Franchisor grants to the Regional Franchisee, upon the terms and conditions herein contained, the exclusive right to establish and operate a Jani-King business and a license to use the System developed by Jani-King in connection therewith for its business in the territory described as:

Counties of _____

in the State of _____

as geographically constituted on the date of this Agreement (the “*Territory*”). The effective date of this Agreement will be the ____ day of _____, 20__ (“*Effective Date*”). Regional Franchisee will operate the business at or from a location of its choosing within said Territory, subject to the approval of Franchisor, upon the terms and conditions set forth herein. Notwithstanding, Franchisor reserves the right to provide service to any account location which Regional Franchisee does not reasonably participate in bidding or servicing, including, but not limited to, any account location that is included as part of the national account program.

SECTION 3 REGIONAL FRANCHISEE OBLIGATIONS

Regional Franchisee covenants and pledges:

3.1. To operate the Jani-King business in the Territory using the assumed trade name “Jani-King” or “Jani-King of (CITY)” in conjunction with its formal business name, as “John Doe d/b/a Jani-King” or “ABC Inc. d/b/a Jani-King”. Regional Franchisee agrees not to use as part of a corporate name or other legal name, (i) any other janitorial, maintenance, or cleaning service name in conjunction with their formal name, i.e. such as “ABC Custodials”, “ABC Maintenance”, “ABC Cleaning Services” etc., (ii) a name prefix of “Jani-”, or any other similarly spelled or sounding prefix, or (iii) any other trademarks, service marks or trade names. All names of the entity operating as Regional Franchisee, including corporate names, business names, trade or assumed names, or other legal names must be approved in writing by Franchisor prior to adoption for use by Regional Franchisee. All directory listings, advertising, letterhead, or any other visual or printed matter used by Regional Franchisee to communicate to anyone must conform to Franchisor’s established Jani-King policies and will be subject to review and approval by Franchisor prior to use by Regional Franchisee.

3.1.1. Franchisor has developed and used and continues to develop, use and control in connection with its System certain Proprietary Marks that have become associated with its System so as to impart to the public superior standards of quality and service. The “**Proprietary Marks**” as used in this Agreement means all trademarks, trade names, trade dress, service marks, slogans and logos, including, but not limited to, the mark Jani-King, or any other trademark or service mark which may be authorized in writing by an officer of Franchisor now or at any time in the future.

3.1.2. Franchisor has developed and used, and continues to develop, use and control in connection with its System, certain confidential information, programs, devices, methods, techniques and processes which are not generally known to the public pertaining to franchising, promotion, marketing, operation and management of a business, and the System. Such information includes, but is not limited to: (a) Jani-King manuals, videos, and forms, the information contained and compiled therein, and the updates and memoranda thereto; (b) names of Jani-King’s agents, suppliers, and customers, and their requirements, specifications, and preferences; (c) the contractual arrangements between Jani-King and its agents, suppliers, and customers; (d) the financial details (including but not limited to credit and discount terms) of Jani-King’s relationship with its agents, suppliers, or customers; (e) the names of prospective Jani-King customers and their requirements, specifications, and preferences; (f) information concerning the remuneration paid by Jani-King to its employees; (g) Jani-King’s computer programs, software, applications, and databases; (h) information concerning and presented at Jani-King meetings; (i) security and access information; (j) information provided through initial and ongoing specialized training or consulting; (k) Jani-King’s business plans and strategies; (l) operational, sales, promotional, and marketing methods and techniques; and (m) similar information (collectively, the “**Confidential Information**”).

3.1.3. All use of the Proprietary Marks and Confidential Information by Regional Franchisee or any individual franchisee must be in accordance with the terms of this Agreement and will inure to the benefit of Franchisor and all such Proprietary Marks and Confidential Information will remain the sole property of Franchisor.

3.1.4. Regional Franchisee agrees to submit to Franchisor, prior to use by Regional Franchisee, samples of any and all advertising and promotional plans and materials of any type which contain in any manner any of the Proprietary Marks, including, without limitation, the trade names, trademarks, service marks, slogans and logos as are now or which in the future may be approved for use by Regional Franchisee.

3.2. Regional Franchisee agrees to devote sufficient time and effort to the business pursuant to this Agreement and that all Services performed and/or supervised by Regional Franchisee under this Agreement will be performed and/or supervised by Regional Franchisee or its authorized agents/employees. Regional Franchisee will follow the Franchisor’s current, established Jani-King policies, practices, procedures and standards, as they may be amended from time to time, and agrees not to deviate there from without prior written consent of Franchisor.

3.3. In consideration in part of the exclusive Regional Franchise herein granted in the Territory, and in part for the services to be performed by Franchisor in connection with Regional

Franchisee's use in the Territory of the System, Proprietary Marks and Confidential Information as pledged herein, Regional Franchisee agrees to pay to the Franchisor a Franchise Fee in the amount of:

upon execution of this Agreement or, if applicable, in accordance with the terms stated in Attachment A to this Agreement. Payment of this sum will entitle Regional Franchisee to operate the exclusive Jani-King Regional Franchise business in the Territory. The Franchise Fee is non-refundable and is in addition to the royalty payments and other payments as set out herein.

3.4. Regional Franchisee will have the right to market and sell Jani-King franchise business units ("**Unit Franchises**") to corporations, limited liability companies or other legal entities ("**Unit Franchisee(s)**") which will operate a Jani-King cleaning and maintenance business within the Territory as granted in the respective franchise agreement(s). Regional Franchisee is not authorized to and may not grant any similar right to Unit Franchisees, and the Unit Franchisees will not otherwise have the right to sub-franchise or sell additional franchises. Regional Franchisee must provide a list annually to Jani-King, which sets forth the names and most recent contact information of Regional Franchisee's Unit Franchises along with any other information requested by Franchisor regarding such Unit Franchisees.

3.5. Regional Franchisee must schedule with Franchisor and complete the initial training program provided by Franchisor under Section 6.3 within 180 days after the Effective Date. However, if this Agreement is a renewal of the Regional Franchise, then this initial training requirement will not apply.

3.6. Regional Franchisee agrees the Date of Opening will occur no later than the ____ day of _____, 2_____. The term "Date of Opening" is defined as the earlier of (a) the date of Regional Franchisee's first Unit Franchise sale; (b) the date Regional Franchisee first invoices a client for services; (c) the date Regional Franchisee provides written notice to Franchisor of Regional Franchisee's business opening; or (d) the ____ day of _____, 2_____. Regional Franchisee is required to provide Franchisor written notice of the first occurrence of the above conditions. However, if this Agreement is for a business that was already open and operating prior to the Effective Date, such as if Regional Franchisee is renewing or acquiring an existing Regional Franchise, then for purposes of this Agreement the Date of Opening will be the Effective Date.

3.7. Regional Franchisee agrees to pay to Franchisor each month the Royalty Fees as follows:

- (a) ROYALTY FEE: A royalty fee (the "**Royalty Fee**") equal to:
- (i) 5% of the monthly Gross Revenue from the Date of Opening through the end of Performance Year 1;
 - (ii) 5.25% of monthly Gross Revenue in Performance Year 2;
 - (iii) 5.5% of monthly Gross Revenue in Performance Year 3;
 - (iv) 5.75% of monthly Gross Revenue in Performance Year 4;

(v) 6% of monthly Gross Revenue in Performance Year 5 and all subsequent Performance Years.

The Royalty Fee must be paid by the 10th day of each month for Gross Revenue accruing in the previous month. “**Gross Revenue**” is defined as all revenue invoiced by anyone, whether collected or not, for services and results of services performed by Regional Franchisee and any Unit Franchisee sold by or associated with this Agreement at locations where any type of cleaning and/or maintenance related services, including, but not limited to, commercial, industrial, institutional and residential cleaning and/or maintenance services are performed, without reduction for any amounts payable to or retained by Regional Franchisee or any Unit Franchisees; and receipts for the sale or leasing of any goods or supplies by Regional Franchisee or any Unit Franchisees; and any other revenue related to or derived from the conduct and operation of Regional Franchisee’s franchise business, except Gross Revenue does not include any revenue accruing to Regional Franchisee specifically for: (1) any tax, excise, tariff or other governmental charge levied on the value of goods or services; or (2) any revenue subject to the Franchise Sale Royalty (defined below).

“**Performance Year**” is a time period of 12 consecutive months as defined herein. Performance Year 1 will begin on the first day of the first full month following the Date of Opening, as such terms are defined herein, and will continue for 12 consecutive months. In the event the Date of Opening is on the first day of a month, that month will be the first month of Performance Year 1. The time period of 12 consecutive months which immediately follows Performance Year 1 will be Performance Year 2; the time period of 12 consecutive months which immediately follows Performance Year 2 will be Performance Year 3; and likewise each subsequent time period of 12 consecutive months that immediately follows a Performance Year will be the next Performance Year.

(b) **FRANCHISE SALES:** A franchise sale royalty fee calculated at the time of a sale of a Unit Franchisee, on all Unit Franchises sold by Regional Franchisee (the “**Franchise Sale Royalty**”). The Franchise Sale Royalty will be the greater of (i) 5% of the total sum agreed to be paid by a Unit Franchisee as the initial franchise fee for the plan purchased, including the total down payment and any remaining amount financed (excluding any interest charged thereon) or otherwise paid over time, or (ii) Eight Hundred Dollars (\$800.00). The royalty payable on any Unit Franchise sold must be paid to Franchisor by the 10th day of each month for revenues accruing in the previous month.

(c) **MINIMUM ROYALTY:** Notwithstanding anything contained herein to the contrary, Regional Franchisee agrees that the Regional Franchise will produce the following minimum Gross Revenue for each month (“**MMGR**”) during each corresponding Performance Year as shown below.

During each Performance Year, for each month that the Regional Franchise does not produce the MMGR, Regional Franchisee agrees to pay a minimum monthly royalty equal to the Royalty Fee percentage listed in Section 3.7(a) above of the MMGR listed in the table below for the corresponding Performance Year (“**Minimum Royalty**”). For example, during Performance Year 6 in Category I, for each month that the Regional Franchise does not produce MMGR of at least

\$100,000, Regional Franchisee will pay a Minimum Royalty of \$6,000 (6% of \$100,000). In the event the Regional Franchise produces the MMGR, Regional Franchisee will pay the Royalty Fee as described above in Section 3.7(a).

The increase in MMGR is determined by the population of the Territory as shown by the categories in the following chart and information from the United States Census Bureau, as explained below:

Category	Territory Population	MMGR Increase
I	0 – 1,000,000	\$20,000
II	1,000,001 – 2,000,000	\$30,000
III	2,000,001- 4,000,000	\$40,000
IV	Above 4,000,000	\$50,000

The population of Regional Franchise’s Territory will be determined by reference to the most recently published information from the United States Census Bureau. In the event the United States Census Bureau discontinues publishing population data, for any reason, Franchisor, at its sole discretion, will select another reference publication and will notify Regional Franchisee of its selection. The new reference publication will take effect upon Regional Franchisee’s receipt of Franchisor’s notice.

In the event the population of the Territory increases during any Performance Year which results in a change in Category, beginning the first month of the Performance Year immediately following and for each remaining Performance Year, the MMGR Increase will increase by the MMGR Increase of the new category. For example, if the population of the Territory increases from 1,900,000 to 2,100,000 in Performance Year 4, the Category III MMGR will apply beginning in the first month of Performance Year 5 and for each subsequent Performance Year, the MMGR will increase by \$40,000 (until a population change of the Territory results in the application of a new Category) resulting in a MMGR for Performance Year 5 of \$130,000.00 (\$90,000 + \$40,000). However, as set forth in the chart below, note that there may be no increase within a given Category from one Performance Year to the next, due to amendments to such schedule from time to time.

Performance Year	Category I MMGR (monthly) (\$)	Category II MMGR (monthly) (\$)	Category III MMGR (monthly) (\$)	Category IV MMGR (monthly)(\$)
1	0	0	0	0
2	20,000.00	30,000.00	40,000.00	50,000.00
3	40,000.00	60,000.00	80,000.00	100,000.00
4	60,000.00	90,000.00	120,000.00	150,000.00
5	80,000.00	120,000.00	160,000.00	200,000.00
6	100,000.00	150,000.00	200,000.00	250,000.00
7	120,000.00	180,000.00	240,000.00	300,000.00
8	140,000.00	210,000.00	280,000.00	350,000.00
9	160,000.00	240,000.00	320,000.00	400,000.00
10	180,000.00	270,000.00	360,000.00	450,000.00

3.7.1. Franchisor and Regional Franchisee agree that the cumulative minimum royalty requirements listed in Section 3.7 (c) above will be suspended if a Force Majeure Event results in the cancellation or suspension of 30% of Regional Franchisee's current contract business. The suspension of the cumulative minimum royalty requirements will continue until 30% of Franchisor's contract business that was cancelled or suspended due to one or more Force Majeure Events is either reactivated or replaced. The suspension of the cumulative minimum royalty requirements will not affect Regional Franchisor's requirement to pay the royalty payments defined in Sections 3.7(a) and 3.7(b) above.

3.7.2. Franchisor reserves the right to increase the MMGR once per year during the term of the Agreement upon 30 days' written notice to Regional Franchisee to correspond with the increase in the Consumer Price Index during the preceding Agreement year, with no such increase to exceed 4.5%. Any such increase will be effective on the first day of the Agreement year following Franchisor's written notice. The applicable MMGR for each calendar month for the 12-month period following the date of the increase will be equal to the most current MMGR multiplied by the percentage increase in the Consumer Price Index; provided however, that in no event may such adjusted MMGR be less than the MMGR then in effect. "Consumer Price Index" means the Consumer Price Index for Urban Wage Earners and Clerical Workers-All items (Base Period 1982-1984=100) of the United States Bureau of Labor Statistics. If the manner in which such Consumer Price Index is determined by the Bureau of Labor Statistics is substantially revised, an adjustment will be made in such revised index which would produce results equivalent, as nearly as possible, to those which would have been obtained if the Consumer Price Index had not been revised. If the Consumer Price Index becomes unavailable to the public because publication is discontinued, or otherwise, Franchisor will substitute therefor a comparable index based upon changes in the cost of living or purchasing power of the consumer dollar published by any other governmental agency or, if no such index is available, then a comparable index published by a major bank or other financial institution or by a recognized financial publication.

3.8. For regional franchise agreements which are renewing and which do not contain the MMGR provisions stated in Section 3.7(c) above, the beginning MMGR for the first renewal year (Performance Year 1) for each category will be ninety five percent (95% or decimal 0.95) of the average Gross Revenue of the final 3 months of the previous term of your agreement. For example, if your average Gross Revenue for the last 3 months of the previous term is \$1,000,000.00, the beginning MMGR for year 1 of the renewal agreement will be \$950,000.00 ($\$1,000,000.00 \times 0.95 = \$950,000.00$).

3.8.1. For regional franchise agreements which (i) are renewing, (ii) contain the MMGR provisions stated in Section 3.7(c) above, and (iii) at the time of renewal the average Gross Revenue of the last 3 months of the last Performance Year is less than the MMGR for the same Performance Year, the beginning MMGR (Performance Year 1) for the next term of the Agreement will be equal to the MMGR for the last Performance Year of the current franchise agreement term. For example, if the average Gross Revenue of the last three months of the last Performance Year for a Category I franchise at the time of renewal was \$150,000 (i.e. less than the MMGR for the same Performance Year at the time of renewal), the beginning MMGR for the next term of the franchise agreement would be \$180,000.

3.8.2. For regional franchise agreements which (i) are renewing, (ii) contain the MMGR provisions stated in Section 3.7(c) above, and (iii) at the time of renewal the average Gross Revenue of the last three months of the last Performance Year is equal to or greater than the MMGR for the same Performance Year, the beginning MMGR for the next term of the Agreement will be equal to the greater of (1) 80% of the average monthly Gross Revenue of the last three months of the last Performance Year of the current franchise agreement term or (2) the MMGR for the last Performance Year of the current franchise agreement term. For example, if the average Gross Revenue of the last three months of the last Performance Year for a Category I franchise at the time of renewal was \$300,000 (i.e. more than the MMGR for the same Performance Year at the time of renewal), the beginning MMGR for the next term of the franchise agreement would be \$240,000 (i.e. 80% of \$300,000).

3.8.3. A “**Material Account**” means any account of Regional Franchisee that (a) comprises eight percent (8%) or more of Regional Franchisee’s monthly Gross Revenue for the immediately preceding month and (b) was in existence on the Effective Date. During the term of this Agreement, in the event a Material Account is terminated, a new MMGR for each category will be established by subtracting the average monthly billing amount of such account for the three months prior to the Effective Date from the MMGR of each category. Regional Franchisee is required to notify Franchisor in the event any Material Account is terminated and will provide Franchisor with documentation substantiating that such account qualifies as a Material Account and substantiating the average monthly billing amount of such account during the three months prior to the Effective Date.

3.8.4. At any time during the term of this Agreement or during any term of renewal, if Regional Franchisee’s average monthly Gross Revenue during any Performance Year is equal to or in excess of the product of the population of the Territory (as determined in Section 3.7(c) above) and 0.75, the MMGR will not apply for the following Performance Year. Regional Franchisee is required to notify Franchisor during the first month of any Performance Year that Regional Franchisee’s average monthly Gross Revenue for the prior Performance Year was equal to or in excess of the product of the population of the Territory (as determined in Section 3.7(c) above) and 0.75 and provide Franchisor with documentation substantiating the average Gross Revenue for the Performance Year. The MMGR continues to increment for future years during this time.

3.9. Regional Franchisee agrees to pay to Franchisor a monthly advertising fee equal to 1% of the monthly Gross Revenue. Franchisor reserves the right to increase such advertising fee to 2% of the monthly Gross Revenue upon written notice to Regional Franchisee.

3.10. Reports and Payment of Fees:

3.10.1. Regional Franchisee further agrees to prepare on Jani-King approved forms and to submit to Franchisor, or its designee, on or before the 10th day of each month, a monthly report that accurately reflects all Gross Revenue from the previous month, together with a copy of the monthly report prepared by or submitted to Regional Franchisee listing all Gross Revenue from the previous month from its franchisees.

3.10.2. Regional Franchisee agrees to submit to Franchisor copies of all signed individual franchise agreements, promissory notes, and all other documents generated in connection with the disclosure and sale of a franchise along with the monthly report described in this Section within 10 days of their execution.

3.10.3. Regional Franchisee agrees that all reports and other documents required by this Agreement must be delivered via electronic delivery to MasterRoyaltyReports@janiking.com or as otherwise requested by Franchisor in such time as to reach Franchisor or its designee on or before the 10th day of each month. Should such report not be received on or before the 10th day of the month, Regional Franchisee agrees to pay a late charge of Three Hundred Dollars (\$300.00) per day for each day that the report is not submitted and the Parties agree such a charge is reasonable and proper.

3.11. Regional Franchisee further agrees that any royalty payment or other payments to be paid by Regional Franchisee pursuant to this Agreement must be delivered to Franchisor via electronic wire transfer to the following address: Jani-King International, Inc., NORTH DALLAS BANK & TRUST CO., ABA#: 111000960, Acct#: 33-5102-0. Franchisor reserves the right to change the address to where payments must be sent by providing Regional Franchisee with written notice of such change in accordance with the notice provisions of this Agreement. All payments must be received by the Franchisor on or before the due date. Any payment received after the due date will be subject to, and Regional Franchisee agrees to pay, a late charge of 5% of the amount of the delinquent payment each month. Any late charges which remain unpaid will be added to the delinquent payment amount and will be subject to the 5% late charge until paid in full.

3.12. Regional Franchisee agrees to make all payments due Franchisor promptly in accordance with the terms of this Agreement, and recognizes that any failure on the part of Regional Franchisee to do so will be deemed to be a material breach of this Agreement. Franchisor will have the right to retain all sums previously paid to it by Regional Franchisee.

3.13. During the term of this Agreement, Regional Franchisee must maintain and preserve full, complete and accurate books, records, and accounts regarding the Franchise business:

(a) Regional Franchisee must, at its sole cost and expense, prepare and submit to Franchisor, upon request, and within 30 days after said request, a complete financial statement for the preceding 12 month period or any other calendar year, together with such other information in such form as Franchisor may reasonably require and request, for the purpose of allowing Franchisor to determine that Regional Franchisee is properly reporting and accounting for all revenue that inures to it as a Regional Franchisee. The financial statement required under this provision need not be audited by a certified accountant or public accounting firm, and may be prepared by Regional Franchisee's personnel.

(b) Regional Franchisee must, at its sole cost and expense, prepare and submit to Franchisor within 15 days after completion, a complete, audited financial statement for the preceding fiscal year. Such financial statement must be prepared in accordance with generally accepted accounting principles, and must be audited by an independent certified public accountant,

within 90 days after the end of the fiscal year. Each financial statement must include a balance sheet and a profit and loss statement. If the Regional Franchisee owns, directly or beneficially, a controlling financial interest in another business, the financial statements required to be submitted must reflect the financial condition of the Regional Franchisee and its other operations on a consolidated basis.

(c) Franchisor reserves the right to inspect or examine any and all accounts, books, records, and tax returns of Regional Franchisee, the Principals (as defined below), and any Affiliate (as defined below) of Franchisee or the Principals, at any reasonable time, so far as the same pertain to any aspect of the operation of the Regional Franchise or any business connected thereto, including, without limitation, financial, sales or operations activities. Franchisor will also have the right, at any time, to have an independent audit made of the any and all accounts, books, records, and tax returns of Regional Franchisee. Franchisor may also perform periodic quality control visits to Regional Franchisee's office locations and any other locations that have contracted with Regional Franchisee for the provision of commercial cleaning services. Any such inspection, examination or independent audit will be performed at the cost or expense of Franchisor unless the same is necessitated by the failure of Regional Franchisee to provide the reports requested or to preserve records as provided herein, or unless the inspection, examination or independent audit discloses that any statement or report made by Regional Franchisee is in error by 5% or more, in which case Regional Franchisee must immediately pay to Franchisor the amount in error and must reimburse Franchisor for any and all cost and expenses connected with the inspection or audit (including, without limitation, reasonable accounting and attorney's fees). Regional Franchisee is required to annually submit to Franchisor a list of the names and the most currently known contact information of all Unit Franchisees existing under Regional Franchisee's regional franchise agreement. All of Regional Franchisee's owners, shareholders, members, officers, directors, and managers are each, a "**Principal**" and collectively, the "**Principals**." "**Affiliate**" means, at the time of determination: (i) any Person that directly or indirectly through one or more intermediaries controls, is controlled by or under common control with the Person specified; (ii) any director, manager (to the extent the Person is a limited liability company), officer or subsidiary of the Person specified; and (iii) any spouse, parent, child, sibling, mother in law, father in law, son in law, daughter in law, brother in law or sister in law of the Person specified. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to elect a majority of the board of directors (or other governing body) or to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. In any event and without limiting the generality of the foregoing, any Person owning 10% or more of the voting securities of another Person will be deemed to control that Person. "**Person**" means any natural person, corporation, general partnership, limited partnership, limited liability company, proprietorship, joint venture, trust, association, union, entity, or other form of business organization or any governmental entity whatsoever.

3.14. Regional Franchisee agrees to be solely responsible for the relations with any Franchisees licensed to do business as a Jani-King Franchisee within the Territory and to hold harmless and indemnify Franchisor from any and all claims arising from actions by Regional Franchisee or its Franchisees. In addition, Regional Franchisee agrees to be solely responsible for

the Services and results of such Services performed by Regional Franchisee, and/or Franchisee(s); and will be responsible for all labor, equipment, materials, tools and supplies necessary to perform such Services. All of such Services will be performed in a good and workmanlike manner, to the satisfaction of the customer for whom such Services are performed. In the event Regional Franchisee fails to see to the proper performance of those obligations to the customer's satisfaction, pursuant to the spirit and intent of this Agreement, and such complaints continue for an unreasonable period, or if the customer requests in writing that any contract be terminated or transferred, or that Franchisor intervene, Franchisor may assume the rights and obligations under the contract with said customer and service or supply such contract itself, without obligation to pay any royalties or other amounts to Regional Franchisee.

3.15. Regional Franchisee will have the responsibility and duty to properly supervise the use of any and all Proprietary Marks by any of its Franchisees. Failure of Regional Franchisee to exercise the proper diligence in enforcing the terms of any Unit Franchise agreement and to ensure that the Proprietary Marks are being properly used by Franchisees will constitute an Event of Default under the terms of this Agreement and may result in termination of this Agreement.

3.16. Franchisor will have the right, within its sole discretion, to enforce any provision of any Unit Franchise agreement in the event Regional Franchisee fails to do so within 30 days of receipt of a written request by Franchisor to enforce the terms of said Unit Franchise agreement.

3.17. Regional Franchisee agrees to maintain a clean and safe place of business in compliance with all governmental and industry standards and to conduct its business in a manner that would bring goodwill and public approval to itself and Franchisor.

3.18. Regional Franchisee agrees to be solely responsible for and indemnify and hold harmless Franchisor, Jani-King International, Inc., and their officers, directors, and employees for all loss or damage originating from or in connection with, the operation of the Regional Franchise business, and for all claims or demands for damages to property or for injury or death of persons directly or indirectly resulting therefrom of whatsoever nature. Regional Franchisee agrees to carry the types and limits of insurance as set out in the table below, or as otherwise established in the Policies and Procedures manual, as well as the minimum amounts of insurance required by all appropriate federal or local governments for all purposes, including, but not limited to public liability, employer's liability, property, bodily injury, product and automotive coverage and must provide Franchisor with proof of coverage on demand. Such insurance must have limits of liability that will be increased or have new types of coverage added at the sole discretion of Franchisor when circumstances so dictate, as will be stated in the Policies and Procedures manual. Regional Franchisee agrees to require Franchisees licensed to do business within the Territory to carry similar types and amounts of insurance, and if necessary purchase such insurance for the benefit of the Franchisee. If Regional Franchisee fails to secure such insurance to the satisfaction of Franchisor, Franchisor may, in addition to other remedies, purchase such insurance for the benefit of Regional Franchisee and seek prompt reimbursement from Regional Franchisee for all premiums and other costs incurred. Regional Franchisee agrees to indemnify and hold Franchisor harmless from any claims, loss or damage. Regional Franchisee agrees to obtain all such insurance required by this Section, naming Jani-King Franchising, Inc. and Jani-King International, Inc. and

their officers, directors, and employees as Additional Insureds, in the following minimum amounts:

<i>TYPE</i>	<i>LIMITS</i>
Comprehensive General Liability General Aggregate	\$1,000,000 (per occurrence)
Products/Completed Operations	\$ 2,000,000 (Aggregate)
Each Occurrence	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Fire Damage	\$100,000
Premises Medical Payments	\$10,000
General Liability Package Also Includes:	
Lost Key Coverage	\$100,000
Extended Property Damage	\$1,000,000
Blanket Additional Insured	
Blanket Waiver of Subrogation	
Hired and Non-Owned Automobile Insurance	\$1,000,000 (combined single limit)
Excess or Umbrella Insurance	\$10,000,000 (Aggregate)
Workers' Compensation	
Part A: Statutory	State Limits
Part B: Employers Liability	\$1,000,000 Each Accident \$1,000,000 Disease – Policy Limit \$1,000,000 Disease – Each Employee
Employee Dishonesty (including Third Party Property)	\$2,000,000
Contractors Pollution Liability	\$3,000,000 Each Loss \$3,000,000 Policy Aggregate \$250,000 Emergency Response Cost

3.19. In connection with its agreement to indemnify and hold Franchisor harmless for all loss or damage as set forth in Section 3.18 above, Regional Franchisee agrees to defend Franchisor and any of its Affiliates named in any lawsuit based on such loss or damage and to pay all costs and reasonable attorneys' fees associated with such defense. If Franchisor wishes to retain its own counsel to defend any such action, Regional Franchisee agrees to reimburse Franchisor for all costs and legal fees incurred by Franchisor for such defense. Said reimbursement must be made to Franchisor in a timely manner as such fees are incurred by Franchisor and billed to Regional Franchisee.

3.20. Regional Franchisee agrees to pay all personal property, sales, excise, use, and other taxes, regardless of type or nature, which may be imposed, levied, assessed or charged, on, against, or in connection with any products or Services sold or furnished hereunder, whether those taxes are imposed by any federal, local, municipality, county or parish, or other governmental unit or

agency, which may have jurisdiction over such products or Services. It will be the sole responsibility of Regional Franchisee to ensure that any Unit Franchisee operating in the Territory also complies with this Section as it may apply to the operation of the business operations of a Unit Franchisee.

3.21. Attendance at Jani-King's annual meeting is mandatory and Regional Franchisee agrees to arrange for one or more of its executives to attend each annual meeting. Regional Franchisee agrees that all expenses, including travel and lodging, relating to the attendance at the annual meeting by Regional Franchisee's executives is the sole responsibility of Regional Franchisee. Regional Franchisee acknowledges and agrees that Franchisor, in addition to the annual meeting, may present one or more training sessions at which attendance by one or more of Regional Franchisee's executives or representatives is mandatory. Franchisor will provide reasonable notice of any such training sessions at which attendance is mandatory. Regional Franchisee acknowledges and agrees that all expenses, including travel and lodging, relating to the attendance at training session at which one or more of Regional Franchisee's executives or representatives is mandatory is the sole responsibility of Regional Franchisee.

3.22. Regional Franchisee will take all necessary steps to enforce the terms and conditions of any franchise agreement operating under the authority granted herein, and agrees to be bound by the terms thereof in all dealings with its Franchisees. Regional Franchisee also agrees to maintain office hours typical to this industry in the Territory, provide adequate communication and support, and to otherwise maintain and operate its Regional Offices in a manner that will promote the efficiency and success of such franchisees.

3.23. Regional Franchisee agrees to provide a comprehensive training program for each Unit Franchise sold by Regional Franchisee that will include a total of 30 hours of training and on-site assistance. The training program must include an extensive training session of approximately 15 hours duration, at a location to be established by Regional Franchisee, which will include Jani-King methods and procedures for cleaning, contract sales, as well as operations and office management, using formal instruction, self study materials and practical training. Regional Franchisee will thereafter, at Regional Franchisee's discretion, provide additional training sessions in sales and operations. Such later training sessions will total approximately 15 hours, which may or may not be consecutive. In addition to the training program, Regional Franchisee agrees to provide support and assistance to each Unit Franchisee by:

(a) making available to each Unit Franchisee information regarding the System and the Confidential Information, including but not limited to, any manual, training aids, and any pertinent information concerning Jani-King methods and practices.

(b) providing appropriate assistance and guidance until each Unit Franchisee has been offered the right to provide service to clients with cumulative gross monthly billings sufficient to fulfill the initial business obligation of each Unit Franchisee in accordance with the franchise plan purchased.

(c) having personnel available on an ongoing basis during normal business hours to provide technical assistance, consultation, and advice on marketing and operations procedures

by telephone or in person at Regional Franchisee's office, and providing additional training and support for Unit Franchisees at reasonable rates as established by Jani-King policies and procedures.

3.24. Regional Franchisee will encourage, but not require, each Unit Franchisee operating under the terms of this Agreement to place orders for supplies and equipment used in the operation of Unit Franchisee's business through Regional Franchisee to ensure uniformity and to take advantage of quantity purchasing.

3.25. Regional Franchisee will, in connection with its sale of franchises, prepare and present a Franchise Disclosure Document and any other related documents in accordance with the requirements of any applicable regulatory body which now or hereafter may exist, including any national, state, or local governing bodies having jurisdiction to enforce such regulations. Regional Franchisee agrees to consult with qualified legal counsel in the preparation, registration (if applicable), and renewal of its Franchise Disclosure Document and any other related documents. Regional Franchisee will submit to Franchisor for review a complete copy of all documents or any amendments relating to the sale of Unit Franchises to Franchisor prior to the use of any such documents. Franchisor assumes no responsibility for accuracy of any documents used by Regional Franchisee relating to the sale of Unit Franchises by Regional Franchisee or compliance with any national, state, or local laws or regulations which regulate the sale of franchises. Regional Franchisee may determine and set reasonable down payment and financing terms and rates of any Unit Franchise sale in the Territory within the limits established by national, state, or local laws and the requirements imposed by this Agreement.

3.26. Regional Franchisee, as exclusive Regional Franchisee within the Territory, will have sole responsibility for establishing the prices for and the sale of franchises therein (subject to minimum prices established by Franchisor from time to time) and will provide the necessary training, support and consultation to all such franchisees.

3.27. Regional Franchisee is solely responsible for any leases of real or personal property in connection with the operation of its business, but agrees that Franchisor must approve office location, furniture and decor thereof to protect the image and reputation of the System. Regional Franchisee must at all times during the term of this Agreement maintain such office and all fixtures, furnishings, signs and equipment located thereon in good order and condition, and in conformity with the System image as such may be prescribed by Franchisor from time to time. Regional Franchisee must, within a reasonable time specified by Franchisor, make all necessary additions, alterations, repairs and replacements to the office as required by Franchisor, but no others without Franchisor's prior written consent, including, but not limited to, periodic repainting or replacement of signs, furnishings, equipment or decor. No other business venture may operate out of the premises utilized by Regional Franchisee for its office without the prior written consent of Franchisor. Regional Franchisee must require any Unit Franchisee who leases commercial office space outside of their residence to fully comply with this Section. In the event of termination of the Franchise for any reason, Regional Franchisee will remain liable under any leases for office premises, equipment, or any other property. Regional Franchisee will provide Franchisor with copies of all such lease agreements within 10 days of their execution.

3.28. Regional Franchisee agrees not to alter or modify the Jani-King logo and will submit to Franchisor plans, drawings, or samples of any signs, decals, or outdoor advertising and copies of all advertising, brochures, directory listings and other printed matter or any proposed use of any Jani-King logo, trade name or trademark for Franchisor's review and written approval as to their compliance with Jani-King standards and policies prior to their use, dissemination or publication. Such approval will not be unreasonably withheld.

3.29. Franchisor reserves the right to establish and/or change Company policies and/or procedures pertaining to the operation of Regional Franchisee's franchised business, the terms of this Agreement, or Franchises subject to the license granted under this Agreement. Regional Franchisee agrees that it will be bound by said policies and/or procedures upon receipt of same by Regional Franchisee. Franchisor will keep a current updated manual of all such policies and procedures at Franchisor's corporate office. In the event that policies and procedures kept by Franchisor differ from those kept by Regional Franchisee, the policies and procedures in Franchisor's corporate office manual will control.

3.30. Regional Franchisee understands and agrees that Franchisor may inspect any premises or to otherwise contact or send quality control information requests to clients serviced by Regional Franchisee or its Franchisees at any time to ensure that the quality of service being performed is in accordance with Jani-King standards. The Regional Franchisee acknowledges that the System must continue to evolve in order to reflect the changing market and to meet new and changing customer demands, and that accordingly, variations and additions to the System may be required from time to time in order to preserve and enhance the public image of the System and to ensure the continuing operational efficiency of franchisees generally. Accordingly, the Regional Franchisee agrees that the Franchisor may from time to time hereafter or otherwise change the System, including, without limitation, the adoption and use of new or modified Proprietary Marks, Confidential Information, Products, Services, franchise programs, equipment and furnishings and new techniques and methodologies relating to the preparation, sale, promotion and marketing of service and supplies. The Regional Franchisee agrees to promptly accept, implement, use and display in the operation of the business all such additions, modifications and changes at its sole cost and expense.

3.31. Regional Franchisee agrees that if it, any of its employees or any of its Franchisees licensed under this Agreement develop any new concept, process or improvement in the System, the Confidential Information, including, without limitation, the operation or promotion of the Franchised business, it will promptly notify Franchisor and provide Franchisor with all necessary information concerning same, Regional Franchisee and Franchisor will execute an agreement reflecting said improvement(s) and Franchisor's ownership of such to the fullest extent permissible by law. Regional Franchisee acknowledges that Franchisor may utilize or disclose such new concepts, processes or improvements to other franchisees as it determines to be appropriate.

3.32. Regional Franchisee acknowledges that Franchisor and/or Jani-King owns the worldwide copyright and other ownership rights to all materials provided by Franchisor (in all forms or media now or hereafter known) including, without limitation, the Agreements, manuals, forms, videos, computer programs, software, and promotional materials.

3.32.1. Regional Franchisee acknowledges that Franchisor will own the copyright and all other rights to any materials developed, translated or created by Regional Franchisee with respect to the franchised businesses including adaptations or translations of materials provided by Franchisor. Regional Franchisee agrees to assign to Franchisor its economic rights and to waive its moral rights with respect to the copyright in such materials and will require the same assignment and waiver in favor of Franchisor by its franchisees or third party translators upon being so required by Franchisor.

3.32.2. If registration of the copyright of any of the materials is required by law or deemed advisable by Franchisor, Regional Franchisee agrees to cooperate with and assist Franchisor in obtaining the registration in the name of Franchisor and will not register or attempt to register or assist or be involved in any way with the registration (either directly or indirectly) of the materials.

3.32.3. Regional Franchisee agrees to use proper copyright and other proprietary notices in connection with all Materials and conform to Franchisor's standards for protecting its rights.

3.32.4. All documents, forms, manuals and other Confidential Information, and/or translations or variation thereof, will remain the exclusive property of Franchisor.

3.33. Regional Franchisee must provide to Franchisor a current list of all Principals, and must update such list regularly or upon request by Franchisor.

3.34. Regional Franchisee must deliver to Franchisor certified copies of Regional Franchisee's by-laws or corporate charter, and/or other governing documents and any amendment thereto, including board of director's or partner's resolutions authorizing this Agreement.

3.35. Regional Franchisee agrees to reasonably participate in bidding (including providing commercially reasonable bid estimates) and providing service to any account locations Franchisor arranges for in Regional Franchisee's prescribed Territory, including, but not limited to, any account location that is included as part of Jani-King's national account program. In the event Regional Franchisee does not participate in or assist in the bidding, does not provide a commercially reasonable bid estimate, does not provide service to any account location, or otherwise fails to participate in the national account program, Franchisor is authorized to arrange for bidding and services to the national account location(s) (including those located within the Territory) and to collect all monies from such services without distribution of any monies to Regional Franchisee.

3.36 Regional Franchisee must install and use the Jani-King Accounting System in the operation of its Regional Franchise for the purpose of Unit Franchisee accounting and reporting. The Jani-King Accounting System is proprietary software which Franchisor will license to Regional Franchisee pursuant to the Jani-King Software License Agreement attached as Exhibit H to Franchisor's Franchise Disclosure Document (the "***Software License***"). Regional Franchisee must also install and use any modifications, updates or upgrades to the Jani-King Accounting System which Franchisor may require in the future. Franchisor reserves the right to charge monthly, annual, maintenance, support, upgrade, or update fees or a combination of these fees for the Jani-King Accounting System in the future and to require Regional Franchisee to enter into a

new software license agreement to reflect such fees. Regional Franchisee agrees that Franchisor may access the Jani-King Accounting System remotely for troubleshooting and to access data and information relating to the activity and performance of the Regional Franchisee.

SECTION 4 NONCOMPETITION

4.1. Franchisor agrees to provide Regional Franchisee with valuable initial and ongoing specialized training, the Confidential Information, and the right to use the System and the Proprietary Marks pursuant to this Agreement and in connection with Regional Franchisee's duties and obligations under this Agreement. The initial specialized training provides training in Jani-King methods and practices of professional cleaning services, management, sales and promotional techniques, and includes information about production procedures and rates, marketing, and management matters. The ongoing specialized training includes updated information of the type provided in the initial training, as well as additional training and information compiled and developed over time as the System evolves. Further, such information is over and above the ordinary skills and experience possessed by Regional Franchisee, Regional Franchisee's partners, investors and employees prior to execution of this Agreement. Regional Franchisee acknowledges that, whether or not the initial and ongoing specialized training or Confidential Information is denoted, labeled or marked as confidential, Franchisor considers such training and Confidential Information to be, and treats it as, confidential.

4.2. In consideration for the valuable initial and ongoing specialized training and Confidential Information described above, Regional Franchisee (including officers and directors of Regional Franchisee, if Regional Franchisee is a corporation) agrees as follows:

4.2.1. Regional Franchisee (including officers and directors of Regional Franchisee, if Regional Franchisee is a corporation) agrees that Regional Franchisee, the officers or directors of Regional Franchisee (if any), and Regional Franchisee's employees may not at any time, both during and after, the term of this Agreement, communicate or disclose to any person or entity (other than Franchisor or a person or entity expressly designated by Franchisor in writing), or use outside the scope of the business governed by this Agreement, any of the initial or ongoing specialized training or Confidential Information acquired by Regional Franchisee (including the officers and directors of Regional Franchisee, if Regional Franchisee is a corporation) or Regional Franchisee's employees during the term of this Agreement.

4.2.2. Regional Franchisee (including officers and directors of Regional Franchisee, if Regional Franchisee is a corporation) agrees to use all reasonable efforts to maintain as confidential the initial and ongoing specialized training and Confidential Information. Accordingly, Regional Franchisee (including officers and director of Regional Franchisee, if Regional Franchisee is a corporation) agrees that Regional Franchisee, the officers or directors of Regional Franchisee (if any), and Regional Franchisee's employees may not at any time duplicate, copy, record, or otherwise reproduce, in whole or in part, materials containing Confidential Information and/or information imparted through initial and/or ongoing specialized training, except as expressly authorized in writing by Franchisor.

4.2.3. Regional Franchisee (including officers and directors of Regional Franchisee, if Regional Franchisee is a corporation) agrees that, during the term of this Agreement and for a continuous uninterrupted period of (2) years thereafter (unless otherwise specified in this Section 4) commencing upon expiration or termination of this Agreement, regardless of the cause for termination, except as otherwise approved in writing by Franchisor, Regional Franchisee, the officers or directors of Regional Franchisee (if any), and Regional Franchisee's employees may not, directly or indirectly, for itself/themselves or through, on behalf of, or in conjunction with any person, persons, partnership or corporation:

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

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

(c) Employ, seek to employ, or otherwise directly or indirectly induce to leave his/her employment, any managerial personnel who is employed by or has been employed within the previous 6 months by Franchisor, by any of Franchisor's affiliated corporations or by any other franchisee of Franchisor, without the prior written consent of Franchisor;

(d) Own, maintain, operate, engage in or have any interest in any business (hereinafter referred to as "**Competing Business**") which is the same as or similar to the franchised business, which Competing Business operates, solicits business, or is intended to operate or solicit business: (i) within the Territory of this Agreement; and (ii) for a period of one year commencing upon expiration or termination of this Agreement (regardless of the cause for termination), in any other territory covered by a Jani-King Franchise Agreement.

4.3. The Parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Regional Franchisee (including Regional Franchisee's officers and directors, if Regional Franchisee is a corporation) expressly agrees that Regional Franchisee, Regional Franchisee's officers and directors (if any), and Regional Franchisee's employees will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

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

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

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

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

4.8. Regional Franchisee must require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon and after the termination of a person's relationship with Regional Franchisee) from any or all officers, directors, managers and other employees of Regional Franchisee who have received or will receive initial and/or ongoing specialized training or Confidential Information directly or indirectly from Franchisor. Every covenant required by this Section must be in a form satisfactory to Franchisor, including, without limitation, specific and express identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Regional Franchisee to obtain

execution of a covenant required herein will constitute an Event of Default under the terms of this Agreement.

SECTION 5 CONFIDENTIAL PROPRIETARY AND TRADE SECRET INFORMATION

5.1. Franchisor will furnish to Regional Franchisee Confidential Information relating to the System, including a Jani-King Policies and Procedures Manual, printed and electronically recorded information regarding operation of the Regional Franchise and Franchisor's business, computer software programs, and other information. Regional Franchisee acknowledges that said materials are part of Franchisor's Confidential Information and Regional Franchisee agrees not to make any reproductions, variations or translations thereof without the prior written permission of Franchisor. Regional Franchisee further agrees not to disclose any Confidential Information it receives from Franchisor, including, without limitation, said Policies and Procedures Manual, to any third party without the prior written approval of Franchisor and not to disclose such Confidential Information to employees of Regional Franchisee except those who have a need to know the same and who have agreed not to make any use or disclosure of the same except as authorized herein. Said manuals and other Confidential Information will at all times remain the exclusive property of Franchisor and must be delivered to Franchisor, including all copies, variations or translations thereof in the possession of Regional Franchisee, at Franchisor's request. Regional Franchisee agrees to use the contents of said manual and all other Confidential Information disclosed to Regional Franchisee in strict confidence and only in connection with the sale or service of Unit Franchises and/or related products pursuant to this Agreement, and only during the effective term of this Agreement.

SECTION 6 FRANCHISOR OBLIGATIONS

Franchisor covenants and pledges:

6.1. To provide the Regional Franchisee with the office supply and advertising package as outlined in Schedule One of the Agreement attached hereto, prior to the opening of the Regional Franchise business. However, if this Agreement is the result of a renewal or transfer of the Regional Franchise, then the office and supply package outlined in Schedule One will not be provided.

6.2. To make available to Regional Franchisee applicable Confidential Information including, without limitation, any manuals, training aids, and any pertinent information concerning the Jani-King System, methods and practices. Franchisor will assist Regional Franchisee in preparation of a Franchise Disclosure Document and Franchise Agreement, but Regional Franchisee will be solely responsible for the legality and compliance with any national, state, or local laws regulating franchise sales. Any changes, additions, deletions or modifications which Regional Franchisee desires to make in the above-referenced documents must be submitted to Franchisor for review no less than 30 days prior to use.

6.3. To provide a comprehensive Operational Training Program that will include a total of six weeks of training and on-sight assistance, inclusive of the following described training sessions. The Program will begin with an extensive training session of approximately one week's duration at a location to be established by Franchisor, which will include Jani-King methods and procedures for cleaning, franchise and contract sales, as well as operations and office management, using formal instruction, self study materials and practical training. Included in the total training program, Franchisor will thereafter provide additional sessions of on-location assistance in office start up, sales, operations, and office management. Such later sessions will utilize approximately five weeks of the total, which may or may not be consecutive. However, if this Agreement is a renewal of a Regional Franchise, then the Operational Training Program will not be provided.

6.4. To have personnel available on an ongoing basis during normal business hours to provide technical assistance, consultation, and advice on marketing and operations procedures by telephone. Additional consultation services will be provided by Franchisor at Regional Franchisee's business premises upon request by Regional Franchisee at a fee of Eight Hundred U.S. Dollars (U.S. \$800.00) per day or portion of a day, plus reasonable expenses. This rate is subject to annual increase at Franchisor's sole discretion and is guaranteed only for the initial 12 months of this Agreement.

6.5. To allow Regional Franchisee the right in the Territory to use the Jani-King Proprietary Marks, including, without limitation, the Jani-King trademarks and service marks, insignia, logo, design, and color scheme subject to the limitations and restrictions listed herein, and to utilize the System developed by Jani-King.

6.6. To permit Regional Franchisee the right to profit from its efforts, commensurate with its status as owner of its business, and, correspondingly, to bear the risk of loss or failure that is characteristic of this status.

6.7. To inform Regional Franchisee of promotional materials, sales and service manuals, and other materials as they are developed that would be relevant to the operation of a Jani-King Franchise.

6.8. Franchisor will retain the right to assume responsibility for computerized or manual billing and accounting services to businesses serviced by Regional Franchisee or its Unit Franchisees, under the following circumstances:

(a) if Regional Franchisee fails to make prompt or timely payment of any monies owed to Franchisor as required herein; or,

(b) if Regional Franchisee fails to make prompt and timely payment of any monies owed to any suppliers of goods and services or any creditors, where the amount due and owing is not disputed; or,

(c) if Regional Franchisee fails to comply with terms of any Unit Franchise agreement to which it is a party or withholds monies due to any Unit Franchisee, after Unit Franchisee has made a written request to Regional Franchisee; or,

(d) if Franchisor has any other reason to believe that Regional Franchisee is retaining funds in its possession or control in conflict with the terms of this Agreement or any Unit Franchise agreement. In the event any of the above circumstances exist, Franchisor will have the right to request in writing that Regional Franchisee act within 10 days of said request to properly distribute all funds previously collected. If Regional Franchisee does not fully comply with Franchisor's request, Franchisor may take all necessary steps to ensure that billing of accounts is performed and that each Unit Franchisee and Franchisor receives all monies to which they are entitled. If Franchisor or its designee does perform any computerized or manual billing and accounting services to businesses serviced by Regional Franchisee or its Franchisees, Franchisor will, on or before the fifth day of each month, disburse to each Unit Franchisee or to the Regional Franchisee all monies due each party, respectively, from actual collections made during the past calendar month, after first deducting from any monies collected all royalties and other fees due Franchisor and after deducting an amount equal to the costs incurred by Franchisor to perform said computerized or manual billing and accounting services. In the event the fifth day of the month falls on a Saturday, Sunday, or recognized holiday, then all such amounts due to the Unit Franchisees or Regional Franchisee will be disbursed before the end of the next business day.

SECTION 7 TERMINATION BY REGIONAL FRANCHISEE

7.1. Regional Franchisee agrees that it may not cancel or terminate this Agreement after execution. Regional Franchisee may sell its Regional Franchise as provided for under the specific terms expressed herein.

SECTION 8 DEFAULT AND TERMINATION

8.1. Regional Franchisee will be deemed to be in default, and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Regional Franchisee any opportunity to cure the default (unless specifically set forth below), effective immediately upon the provision of notice to Regional Franchisee, either by mailing or hand delivery, upon the occurrence of any of the following events (each of which constitutes an "*Event of Default*"):

(a) If Regional Franchisee or any of its Principals is convicted of, pleads guilty or no contest to, or receives deferred adjudication for a felony, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect the Jani-King System, any Jani-King Proprietary Marks, or the goodwill associated therewith or Franchisor's interest therein.

(b) If Regional Franchisee or any of its Principals discloses or divulges the contents of any Confidential Information, including, without limitation, the Franchise Operations or Policies and Procedures Manuals or any other trade secrets provided Regional Franchisee by Franchisor contrary to the terms and conditions of this Agreement.

(c) If an approved transfer is not completed within a reasonable time following the death or permanent incapacity of Regional Franchisee or partner, or if Regional Franchisee is a corporation or other business entity, the corporation or other business entity, as applicable, fails within a reasonable time to replace its principal executive officer after death or permanent incapacity.

(d) If Regional Franchisee abandons the Jani-King franchise business or otherwise forfeits the right to do or transact business in the Territory where the licensed business is located.

(e) If Regional Franchisee or any of its Principals purport to transfer any rights or obligations under this Agreement to any third party without the Franchisor's prior written consent or fails, pursuant to Section 11.1 to first offer to sell any interest in the Agreement or the business for which it has received a bona fide offer to purchase from a third party, to Franchisor.

(f) If Regional Franchisee makes any material misrepresentations relating to the acquisition of the franchise business.

(g) The Regional Franchisee repeatedly fails to comply (in the reasonable opinion of Franchisor) with one or more requirements of the Agreement, any operations procedure, or Jani-King Policies and Procedures, whether or not corrected after notice;

(h) If Regional Franchisee fails to comply with any provision of this Agreement, any other agreement between Franchisor and Regional Franchisee, or any franchise agreement between Regional Franchisee and any Unit Franchisee, and thereafter fails to cure such Event of Default to the satisfaction of the Franchisor within 30 days after written notice has been given thereof. Curable Events of Default by the Regional Franchisee will include the occurrence of any of the following events:

[1] If Regional Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its Affiliates when due, or to submit the financial information required by Franchisor under this Agreement, or makes any false statements in connection therewith.

[2] If Regional Franchisee fails to maintain the standards that Franchisor requires in this Agreement or as provided in the confidential Franchise Operations Manual or Jani-King Policies and Procedures Manual.

[3] If Regional Franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Jani-King franchise business, the goodwill of the Proprietary Marks, or the System.

[4] If Regional Franchisee fails, refuses or neglects to obtain the Franchisor's prior written approval or consent as required by this Agreement (except that a breach of Section 8.1(e) may not be cured).

[5] If Regional Franchisee or any of its Principals misuses or makes any unauthorized use of the Jani-King Proprietary Marks, Confidential Information or other materials, including any forms of advertising, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, or if Regional Franchisee registers or attempts to register in its own name, or assists a third party to register or attempt to register in the name of such third party, any of Jani-King's Proprietary Marks.

[6] If Regional Franchisee is declared insolvent or bankrupt, or makes any assignment or trust mortgage for the benefit of creditors, or if a receiver, guardian, conservator, trustee in bankruptcy or similar officer is appointed to take charge of all or a part of Regional Franchisee's property by a court of competent jurisdiction. This provision may not be enforceable under Federal bankruptcy law.

[7] Regional Franchisee fails to ensure that its certificate or articles of incorporation, corporate charter, by-laws and/or partnership agreement limit transfers as described in Section 10, and, (i) if Regional Franchisee is a corporation, fails to ensure that any security issued by Regional Franchisee bears a legend (in a form to which Franchisor consents) indicating that any transfer is subject to Section 10, or (ii) if Regional Franchisee is a partnership or limited liability company, fails to ensure that its partnership agreement or company agreement, as applicable, limits transfers as described in Section 10 (in a form to which Franchisor consents).

[8] Any other event specifically designated in this Agreement as an Event of Default.

8.2. Upon termination or non-renewal of this Agreement for any reason, Regional Franchisee must immediately:

(a) pay, in full, all amounts owed to Franchisor or its Affiliates at the date of termination or non-renewal, and surrender any and all equipment belonging to the Franchisor or any of Franchisor's Affiliates.

(b) permanently cease all use of all Jani-King Proprietary Marks, all Confidential Information, and all aspects of the Jani-King System, cease indicating verbally or in writing to any other Regional Franchisee, any Unit Franchisee or any Person that Regional Franchisee is still a Jani-King regional franchisee and further refrain from operating any other business with a name prefix of "Jani-" or any other similarly spelled or sounding prefix, as a part of any corporate name, trade name or other identifying mark.

(c) return to Franchisor all advertising matter, products, or writing that contain Jani-King's Proprietary Marks, including, without limitation, any materials containing Jani-King's trade name, logo, or copyright, or any other Confidential Information, or any information of a proprietary nature such as lists and files pertaining to customers and/or to any Unit Franchisee, operational documents and similar information. All such lists, files, and the information contained therein will remain the exclusive property of Franchisor and must upon termination

immediately be surrendered to Franchisor, and all use of such information thereafter by anyone other than Franchisor is strictly prohibited.

(d) turn over to Franchisor all files and records, computer and electronic records, franchise agreements, maintenance agreements or cleaning contracts, and any other documents or information related to the operation of the Regional Franchisee's business. Regional Franchisee must execute contemporaneously with this Agreement, a power of attorney authorizing Franchisor to make full and complete assignment of all such agreements and documents from Regional Franchisee.

(e) turn over to Franchisor or its designee any keys to buildings, security passes and/or security codes, and any other means of access to a customer's property.

(f) assign to Franchisor all rights to the telephone numbers and social media accounts of the Regional Franchise business and execute all forms required by any telephone company or social media company to transfer such service, numbers, and social media accounts to Franchisor or its designee, and Regional Franchisee may not use any such telephone numbers or social media accounts thereafter.

8.3. Regional Franchisee agrees that upon termination or non-renewal for any reason, ownership of the above-named items reverts to Franchisor or its designee. Further, in addition to any other rights conferred upon Franchisor, and without waiving or restricting any such rights, Franchisor will have the option to exercise any of the following remedies:

(a) Franchisor may thereafter collect all revenues due to Regional Franchisee directly from any customer, account, or Unit Franchisee, and Regional Franchisee hereby grants Franchisor full authority to contact any such person for the purpose of collecting all such funds then due, as well as in the future.

(b) Franchisor may cancel the exclusivity right granted to Regional Franchisee in Section 2.1 above to market and sell Unit Franchises, and Franchisor may terminate Regional Franchisee's rights as a Jani-King Regional Franchisee to the Territory, and Regional Franchisee will immediately forfeit and surrender all such rights as determined by Franchisor, and all rights and privileges of Regional Franchisee under any and all franchise agreements with all Unit Franchisees within the Territory will immediately revert to Franchisor. Franchisor may thereafter begin operations of its own in the Territory.

8.4. If this Agreement is terminated or not renewed for any reason and Regional Franchisee fails or refuses to surrender the items described herein, the Parties agree that the Regional Franchisee must pay to Franchisor Five Hundred U.S. Dollars (\$500.00) per day for each day that Regional Franchisee has not complied with the foregoing Section. The Parties acknowledge that damages for Regional Franchisee's failure to adhere to the foregoing Section are difficult to ascertain and therefore agree that this amount will be payable as liquidated damages and not as a penalty.

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

8.6. If the provisions of this Agreement provide for periods of notice less than those required by applicable state law, or provide for termination, cancellation, or non-renewal other than in accordance with applicable state law, then Section 13.3(b) of this Agreement will apply.

SECTION 9 TERM AND EXTENSION

9.1. This Agreement and the franchise and license granted hereunder, unless sooner terminated, will be and remain in full force and effect for a period of 10 years from and after the Effective Date.

9.2. Upon the expiration of the term of this Agreement, and provided Regional Franchisee is not then in default thereunder, Regional Franchisee will have the right, privilege, and option to renew this Regional Franchise for an additional period of 10 years. This Agreement may be extended for the three additional 10-year periods following the first extension, for a total of 50 years when initial periods and renewal terms are combined.

9.3. Regional Franchisee must notify Franchisor in writing of its intention to renew the franchise not less than seven months nor more than 12 months prior to the end of the then current term. Additionally, at the time of any renewal, Regional Franchisee must execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries, and their respective officers, directors, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any federal, state and local laws, rules and ordinances.

9.4. Regional Franchisee agrees to execute at the time of any renewal, the Regional Franchise Agreement then being used by Franchisor to offer a similar program to current Regional Franchise prospects, which may differ substantially from the agreement under which the Regional Franchisee has operated; and will execute such other ancillary agreements and documents as Franchisor may require. Regional Franchisee understands that the newly executed agreement will govern relations between Franchisor and Regional Franchisee for the following 10 years. However, no additional franchise fee or renewal fee must be paid by Regional Franchisee at the time of renewal.

SECTION 10 TRANSFER

10.1. Franchisor has the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity.

10.2. This Agreement will inure to the benefit of the successors and assigns of Regional Franchisee. The interests of Regional Franchisee in this Agreement are personal and may not be sold, assigned, transferred, shared or divided in any manner by Regional Franchisee without the written consent of Franchisor, which consent will not be unreasonably withheld. Regional Franchisee must provide to Franchisor prior to the sale or transfer, a copy of any written agreements relating to the proposed sale or transfer, or any additional information which Franchisor may require in order to determine if it will grant its consent to the proposed sale or transfer. For purposes of this Agreement, any change in stock ownership, voting or other control whatsoever of a corporation or partnership which acts as a Regional Franchisee under this Agreement constitutes a transfer. Provided further, for all purposes herein, in the event that a trust owns a beneficial interest in a Regional Franchisee which is an entity, any change in the beneficial interest of a beneficiary will constitute a “transfer” hereunder. Any transaction or series of transactions which would have such an effect must be approved by Franchisor on the same basis as any other sale or transfer as set forth herein. Regional Franchisee hereby covenants and warrants (i) that its certificate or articles of incorporation, corporate charter, by-laws, company agreement and/or partnership agreement limit transfers as described in this Section 10, and (ii) if Regional Franchisee is a corporation, that each security must bear a legend (in a form to which Franchisor consents) indicating that any transfer is subject to this Section 10, or (iii) if Regional Franchisee is a partnership or limited liability company, that its partnership agreement or company agreement, as applicable, must provide (in a form to which Franchisor consents) that all transfers are subject to this Section 10.

10.2.1. It is agreed that consent for sale, transfer or assignment will be granted only when all obligations of the Regional Franchisee, including all debts of Regional Franchisee, are paid at the time of the sale or transfer, the buyer agrees to undergo the training required of a new Jani-King Regional Franchisee and the buyer agrees to execute the Regional Franchise Agreement then being used by Franchisor to offer a similar program to current Regional Franchise prospects, which may differ substantially from the agreement under which the seller or transferor has operated.

10.2.2. In the event the Regional Franchisee transfers or sells 10% or more of its stock, if it is a corporation, or a 10% or greater interest in the ownership of the Regional Franchisee, or 10% or more interest of the assets of the franchised business, Regional Franchisee agrees to pay Franchisor a transfer fee (“**Transfer Fee**”) based on all monies received, monies to be received, stock, real estate, payment for services, or any other consideration or form of redeemable or hard assets agreed to be accepted by Regional Franchisee in association or related to the transfer or sale of the Regional Franchise (excluding any interest to be earned by Regional Franchisee on any portion of the sales price financed) (the “**Sales Price**”). The Transfer Fee will be 20% of the Sales Price less (i) the amount of the Initial Franchise Fee paid by Regional Franchisee pursuant to Section 3.3 of this Agreement and (ii) any amounts subsequently paid by Regional Franchisee to Franchisor in consideration for an amendment which adds additional counties or areas to the Territory defined in Section 2.1 of this Agreement. The Transfer Fee will be proportionately calculated to reflect the percentage of interest being sold or transferred. The Transfer Fee is due and payable at the time of the transfer or sale.

10.2.3. Regional Franchisee also agrees to provide, as a reasonable condition of Franchisor approving the sale or transfer, a personal covenant to the purchaser, in addition to the covenant

contained in this Agreement, an agreement not to compete in the cleaning and/or maintenance services industry in the Territory, which would include any type of cleaning and/or maintenance related services, including, but not limited to, commercial, industrial, institutional and residential cleaning and/or maintenance services, as well as the sale, leasing or distribution of supplies and equipment related thereto, for a period of two years after transfer or sale, nor to seek to divert business from Franchisor or its Regional Franchisees in the Territory for a period of two years after the transfer or sale.

10.2.4. The transferor must also execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, Franchisor's parent corporation and affiliated corporations, and the officers, directors, shareholders and employees of Franchisor and each parent and affiliate corporation in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and ordinances.

10.3. Effect of the death or disability of a principal:

(a) Upon the death of any person with an interest in this Agreement, the Franchised business or in Regional Franchisee (the "**Deceased**"), the executor, administrator or other personal representative of the Deceased must transfer such interest to a third party approved in writing by Franchisor within six months after the death of the deceased. If no personal representative is designated or appointed by will or trust, or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee must transfer such interest to a third party approved by Franchisor within six months after the death of the Deceased. For all purposes herein, a beneficiary of a trust in which a beneficial interest in Regional Franchisee is owned by the trust, will be deemed to have an interest in the Agreement.

(b) Upon the permanent disability of any person with an interest in this Agreement, the Franchised business or in Regional Franchisee, Franchisor may, in its sole discretion, require such interest to be transferred to a third party approved by Franchisor within six months after notice to Regional Franchisee. "**Permanent Disability**" means any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement for at least 90 consecutive days and from which condition recovery within 90 days from the date of determination of disability is unlikely. Permanent disability must be determined by a licensed practicing physician selected by Franchisor upon examination of the person; or, if the person refuses to submit to an examination, then such person will be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Subsection.

(c) In the event of the death or permanent disability of the Regional Franchisee, Franchisor at its option may elect to operate the Franchise during the interim six months following such death or the interim six months following such permanent disability, as applicable, until the interest of the Regional Franchisee is transferred in accordance with this Section 10 or until the applicable interim period expires, whichever comes first. Franchisor will account for all proceeds from the Regional Franchise less all costs of operation. In consideration for the services provided in managing the Regional Franchise, Franchisor will charge a reasonable monthly management fee which will be in addition to the royalty fees, advertising fees and any other fees or payments due

and owing to Franchisor. Franchisor will utilize its best efforts in managing the Regional Franchise, but will not be liable for any losses incurred.

(d) Upon the death or claim of permanent disability of any person with an interest in this Agreement, the Regional Franchise or in Regional Franchisee, Regional Franchisee or a representative of Regional Franchisee must promptly notify Franchisor in writing of such death or claim of permanent disability. Any transfer upon death or permanent disability will be subject to the same terms and conditions as described in this Section for any *inter vivos* transfer provided, however, that in the event of the death or permanent disability of any individual with an ownership interest in the Agreement, no transfer fee will be imposed for a transfer to the heir of that individual. Transfer fees will be imposed if the transfer is to a non-related third party. For all purposes herein, the term “heir” means lineal descendants of the individual and spouses of the foregoing, both as determined under the laws of the State of Texas.

SECTION 11 RIGHT OF FIRST REFUSAL

11.1. In the event Regional Franchisee receives a *bona fide* arms-length offer to purchase Regional Franchisee’s interest in this Agreement (or in the business conducted hereunder) from any third party, or in the event Regional Franchisee proposes to convert, assign, or otherwise transfer Regional Franchisee’s interest in this Agreement (or in the business conducted hereunder), in whole or in part, to any third party Regional Franchisee hereby agrees to offer to Franchisor the a first right to purchase or otherwise receive Regional Franchisee’s interest under the same terms and conditions offered to or accepted from the third party (the “***Right of First Refusal***”). Notwithstanding anything contained herein to the contrary, Regional Franchisee is not obligated to offer Franchisor the Right of First Refusal sale, assignment, or transfer is solely between Regional Franchisee and either (a) a corporation or other business entity whose original sole shareholders or owners are individuals who comprise the original Regional Franchisee and/or (b) the immediate family of Regional Franchisee or the immediate family of the individuals described in (a) herein. For the purpose of this section, immediate family means the spouse, children, siblings, or parents of Regional Franchisee only.

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

11.3. In the event Franchisor fails to accept the offer within the 30-day period, Regional Franchisee will be free to effect the disposition described in the statement upon the exact terms set forth in the statement delivered to Franchisor, provided that nothing in this Section may be interpreted as limiting the requirements of Section 10 hereof relating to transfer of the Franchise Agreement.

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

SECTION 12 UNIT FRANCHISE AGREEMENTS

12.1. Regional Franchisee agrees to use the form of Unit Franchise agreement currently used by Franchisor or the agreements which are prepared by Regional Franchisee and approved in writing by Franchisor. Regional Franchisee and Franchisor agree that Franchisor is a third-party beneficiary to any franchise agreement applicable to the Territory and that Franchisor or its designee will have the right to assume any of the responsibilities, duties or functions of Regional Franchisee in the event that this Agreement is not renewed or is terminated for any reason. Regional Franchisee must include in its standard Unit Franchise agreements a provision which states that Franchisor is a third-party beneficiary to the franchise agreement and is entitled to the rights granted in this Section. The Unit Franchise agreement may be provided by Franchisor, and Regional Franchisee agrees to use such agreement and any changes, modifications, deletions, additions or amendments made by Franchisor thereto. Regional Franchisee may not terminate any Unit Franchisee without the prior written approval of Franchisor.

12.2. In the event that Regional Franchisee desires to change, modify, adjust or amend the terms of the Unit Franchise agreement for the purpose of adapting said franchise agreement to reflect any legal requirements which are peculiar to the Territory, or which are required by federal or local law, Regional Franchisee must submit said requested changes in writing to Franchisor for its approval no less than 30 days prior to the date said change, modification, adjustment or amendment will be implemented. Franchisor reserves the right to deny the change, modification, adjustment or amendment and may recommend additional changes or modifications. No such change may materially affect the terms and conditions of this Agreement. Any and all changes, modifications, adjustments or amendments in or to the franchise agreement will, notwithstanding the fact that such changes were made or initiated by the Regional Franchisee, be the exclusive property of Franchisor to the maximum extent permissible by law.

12.3. Regional Franchisee will have the responsibility and duty to properly supervise the use of any and all Proprietary Marks in the Territory. Failure of Regional Franchisee to exercise the proper diligence in enforcing the terms of any Unit Franchise agreement and to ensure the appropriate monitoring and use of Franchisor's Proprietary Marks will constitute an Event of Default under the terms of the Agreement which may result in termination. Franchisor or its Designee have the right, but not the obligation, to enforce any provision of any Unit Franchise agreement in the event Regional Franchisee fails to properly and promptly do so within 30 days of receipt of a written request by Franchisor.

12.4. In the event this Agreement is terminated or expires prior to the end of the term hereof, those portions of the Agreement which pertain to and apply to any Unit Franchise agreement will continue in full force and effect, but only with regard to those franchise agreements which have been entered into and were in effect prior to the date of termination or non-renewal of

this Agreement. Upon termination or non-renewal of this Agreement for any reason, Regional Franchisee agrees to execute a binding power of attorney prior to the date of termination or non-renewal which will authorize the transfer and assignment of the Unit Franchise agreements to Franchisor in the event Regional Franchisee fails to do so.

SECTION 13 GENERAL

13.1. The Parties expressly declare and agree that time is of the essence in this Agreement.

13.2. Nothing in this agreement may be construed to prevent Regional Franchisee from freely setting its own prices and discounts for services and products which it may render or sell.

13.3. Limitation on effect of an invalid provision:

(a) Should any part of this Agreement for any reason be declared invalid, such decision will not affect the validity of the remaining portions, which remaining portions will remain in force and effect as if this Agreement had been executed with the invalid portion thereof eliminated, and it is hereby declared the intention of the Parties that they would have executed the remaining portions of this Agreement without including herein any such part, parts, or portions which may, for any reason, hereafter be declared invalid.

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

13.4. This Agreement is the entire Agreement between the Parties. Any amendment or modification to this Agreement is invalid unless made in writing and signed by all the Parties.

13.5. Upon Regional Franchisee's request, Franchisor or its Affiliates may (but is not required to) provide certain advice, assistance, and/or support to Regional Franchisee in connection with responding to requests for proposal, bidding for work (including prices of

services), and account start-up (collectively, “*New Account Assistance*”). Regional Franchisee acknowledges that any such New Account Assistance is provided to Regional Franchisee by Franchisor or its Affiliates solely in an advisory capacity, and Regional Franchisee may accept or decline such New Account Assistance in its discretion. Neither Franchisor nor its Affiliates will be liable for any New Account Assistance that it or they provide to Regional Franchisee, and Regional Franchisee agrees to indemnify and hold harmless Franchisor and its Affiliates from any action, liability, costs, or expenses incurred by Franchisor or its Affiliates resulting from Franchisor providing New Account Assistance to Regional Franchisee. Regional Franchisee agrees to execute any agreement or other documentation reasonably required by Franchisor in connection with Franchisor’s or its Affiliates’ provision of New Account Assistance.

13.6. It is agreed and understood that Regional Franchisee is, and will act at all times as, an independent contractor and will not, at any time, directly or indirectly, hold itself out as an agent, servant, or employee of Franchisor. No acts or assistance given by Franchisor may be construed to alter the fact that Regional Franchisee is an independent contractor.

13.7. No failure of Franchisor to exercise any power reserved to it in this Agreement or to insist upon compliance by Regional Franchisee with any obligation or condition in this Agreement, and no custom or practice of the Parties at variance with the terms hereof may constitute a waiver of Franchisor’s right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default will not affect or impair Franchisor’s right in respect to any subsequent default of the same or of a different nature, nor will any delay, forbearance or omission of Franchisor to exercise any power or right arising out of any breach or default by Regional Franchisee of any of the terms, provisions or covenants of this Agreement affect or impair Franchisor’s rights, nor will such constitute a waiver by Franchisor of any rights hereunder or rights to declare any subsequent breach or default. Franchisor further reserves any and all right to enforce any rights or remedies that the Regional Franchisee may have under any franchise agreement signed with any Unit Franchisee.

13.8. Any notice required or permitted to be given hereunder must be in writing, in the English language, and may be given by personal service; by telephonic document transfer to the recipient’s current facsimile (FAX) number (Service of notice by telephonic document transfer after 5:00 p.m. local time of the recipient will be deemed served on the following business day, exclusive of weekends or national holidays); or by depositing a copy thereof in the appropriate postal receptacle, or with a recognized international courier service, certified, return receipt requested, with postage thereon fully prepaid, in a sealed envelope addressed to Regional Franchisee at:

FAX: () _____

If notice is to be given to Franchisor, such notice must be sent to:

Jani-King Franchising, Inc.
Attention: CEO
16885 Dallas Parkway
Addison, Texas 75001
FAX: (972) 239-7706

The address hereby given for the service of notice may be changed at any time by either Party through written notice to be given to the other as provided herein and the manner in which notice required or permitted hereto may be changed at any time upon mutual written agreement.

13.9. THE PARTIES AGREE AND INTEND THIS INSTRUMENT TO BE EXECUTED AS A TEXAS AGREEMENT, AND TO BE INTERPRETED AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF TEXAS WITHOUT REFERENCE TO CONFLICT OF LAWS PRINCIPLES. JURISDICTION AND VENUE IS DECLARED TO BE EXCLUSIVELY IN DALLAS COUNTY, TEXAS. EXCEPT FOR ANY INJUNCTIVE RELIEF SOUGHT BY FRANCHISOR, THE COURTS AND AUTHORITIES OF THE STATE OF TEXAS HAVE EXCLUSIVE JURISDICTION OVER ALL CONTROVERSIES WHICH MAY ARISE UNDER OR IN RELATION TO THIS CONTRACT, ESPECIALLY WITH RESPECT TO THE EXECUTION, INTERPRETATION, AND COMPLIANCE OF THIS AGREEMENT, THE PARTIES HERETO WAIVING ANY OTHER VENUE TO WHICH THEY MIGHT BE ENTITLED BY VIRTUE OF DOMICILE, HABITUAL RESIDENCE OR OTHERWISE.

13.10. The submission of this Agreement does not constitute an offer to license, and this Agreement will become effective only upon execution thereof by Franchisor and Regional Franchisee.

13.11. This Agreement will not be binding on Franchisor unless and until it has been accepted and signed by an authorized officer of Franchisor at Franchisor's home office in Addison, Dallas County, Texas.

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

13.13. The Regional Franchisee certifies and warrants that all owners, members, partners, spouses of owners, spouses of members, or spouses of partners, if the franchise is a sole proprietorship, limited liability company, or partnership; and all persons who are a shareholder, officer or director of any corporation who holds the franchise and the spouses of all shareholders, officers, and directors of such corporation(s):

- (a) are listed in the attached schedule of Principals; and
- (b) that all such parties will execute all Notes, Guarantees or other documents required by Jani-King.

13.14. Except for Regional Franchisee's obligation to indemnify the Franchisor for third-party claims under Sections 3.14, 3.18, and 13.6, and except for punitive, exemplary or multiple

damages available to either Party under federal law, the Parties waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary or multiple damages against the other and agree that, in the event of a dispute between the Parties, the Party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

13.15. The Parties irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either Party against the other.

13.16. The Parties agree that claims of any other party or parties may not be joined with any claims asserted in any action or proceeding between Franchisor and Regional Franchisee.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties hereto have set their hands as of the Effective Date.

JANI-KING FRANCHISING, INC.

REGIONAL FRANCHISEE

Signature of Authorized Officer

Signature of Owner, Partner, or Authorized Officer

Print Name

Print Name/Social Security Number

Signature of Owner, Partner, or Authorized Officer

Print Name/Social Security Number

COMPLETE IF CORPORATION:

Corporation Name

Title of Authorized Officer

Federal Tax I.D. Number:

Accepted by Franchisor's Home Office on this _____ day of _____,
_____.

Signature of Authorized Officer

Print Name/Title

ATTACHMENT "A"

The sum of _____ and NO/100 Dollars (\$) _____ shall be paid as follows:

A. _____ and No/100 Dollars (\$) _____ due upon execution of this Regional Franchise Agreement as down payment; and

B. The remaining balance owing in the sum of _____ and No/100 Dollars (\$) _____ shall be evidenced by a Promissory Note in that original principal amount, bearing interest at an annual rate of Eight Percent (8.0%), for a term of _____ (___ years (___ equal monthly installments). The first payment will be due on the _____ day of _____, _____. All interest accruing prior to the first payment shall be added to the principal amount of the note.

SCHEDULE OF PRINCIPALS

List below, other than those listed in the Franchise Agreement, all owners, members, partners, spouses of owners, spouses of members, and spouses of partners (if the franchise is a sole proprietorship, limited liability company, or partnership); and all persons who are a shareholder, officer or director of any corporation who holds the franchise and the spouses of all shareholders, officers, and directors of such corporation(s):

Relationship: _____ Relationship: _____

Name: _____ Name: _____

Taxpayer I.D.: _____ Taxpayer I.D.: _____

Address: _____ Address: _____

Telephone Number: _____ Telephone Number: _____

Relationship: _____ Relationship: _____

Name: _____ Name: _____

Taxpayer I.D.: _____ Taxpayer I.D.: _____

Address: _____ Address: _____

Telephone Number: _____ Telephone Number: _____

Relationship: _____ Relationship: _____

Name: _____ Name: _____

Taxpayer I.D.: _____ Taxpayer I.D.: _____

Address: _____ Address: _____

Telephone Number: _____ Telephone Number: _____

**SCHEDULE ONE
(Office and Advertising Supplies)**

Business Cards (imprinted logo)	1000
JANI-KING Letterhead: with address without address	500 500
Business Envelopes	500
Advertising Brochures	500
“Good Morning” Desk Cards	100
Contact Evaluation Pads	5
Inspection Pads	10 Pads
Memo Pads	10 Pads
Past Performance Pads	10 Pads
Account Bid Sheet Pads	5 Pads
JANI-KING Binders with Exhibits	24
JANI-KING Executive Pad Holders	15
Tri-Fold Pad Holders	10
Business Card Holders	100
JANI-KING Month End Report Forms	10
JANI-KING Salesmen Briefcase	2
JANI-KING Leather Briefcase	1
JANI-KING Chrome Coat Covers with ¼" Spines	100 Sets
JANI-KING Proposal (preprinted pages)	5 Sets
JANI-KING Maintenance Agreement – Electronic	1
JANI-KING Manuals - with Electronic Forms Manual	1 Set
JANI-KING “World of Opportunity” Video	10
JANI-KING “Trust Your Keys” Video	10
JANI-KING Training Tapes	1 Set
JANI-KING Measuring Device	1

EXHIBIT B
PROMISSORY NOTE
AND
GUARANTEE

\$ _____

PROMISSORY NOTE

[DATE]

FOR VALUE RECEIVED, the undersigned _____ (“**Maker**”) hereby promises to pay to the order of JANI-KING FRANCHISING, INC., a Texas Corporation (“**Payee**”), at its office at 16885 Dallas Parkway, Addison, Texas 75001, or at such other place or to such other party or parties as a holder of this Note may from time to time designate, in lawful money of the United States, the principal sum of _____ (\$ _____) DOLLARS, with interest thereon from the date hereof at the rate of Eight Percent (8.0%) per annum on the unpaid balance of said principal sum until paid; and to pay said principal and interest in equal installments of _____ (\$ _____) DOLLARS each, on the tenth (10th) day of each and every month, beginning on _____, _____, and continuing for a total of _____ (_____) equal installments, or until all principal and interest is fully paid. It is agreed that each installment, when paid, will be credited first on interest then due and the remainder on principal, and interest will thereupon cease upon the principal then credited. Should the interest not be so paid, it will, at the sole option of the holder of this Note, become a part of the principal and thereafter bear like interest as the principal. There is no penalty of interest (“**Pre-payment Penalty**”) if the principal of this note is paid in advance of the due date.

The acceptance by Payee after any default hereunder will not operate to extend the time of payment of any amount(s) then remaining unpaid hereunder and will not be considered a waiver of any of the other rights of Payee, hereunder.

This Note and all other obligations, direct or contingent, of any such Maker or endorser hereof to Payee, will become due and payable immediately at the option of the holder of this Note, without demand or notice upon the happening of any of the following events:

1. The failure to pay when due any installment of the principal and interest of this Note.
2. The failure to timely keep or properly perform any of the recitals, covenants, conditions, representations, warranties, obligations or guarantees contained in any agreement between the Maker and Payee
3. The levy of any attachment, execution, or any other process against all or any part of the assets of Maker.
4. The failure to pay, withhold, collect or remit any tax or tax deficiency when assessed or due.
5. The suspension of the business of Maker, or the making of a general assignment for the benefit of creditors, or the commencement of proceedings for dissolution or liquidation, or the commencement of proceedings under any bankruptcy, insolvency, readjustment of debt or liquidation law or statute of the federal or state governments, or the adjudication as a bankrupt or insolvent, or the involuntary appointment of a receiver, or applications therefore, or the making of a bulk sale or the giving of notice of intention to do so.
6. At any time when, in the sole opinion of Payee, Maker’s financial responsibility becomes impaired or unsatisfactory.

In the event an attorney is employed by the holder of this Note to enforce any of its terms, then the losing party in any lawsuit must pay reasonable costs and attorneys’ fees in connection therewith and such amount will be secured hereby.

The undersigned will all be deemed Makers and will jointly, severally, and individually be liable as Makers.

This note is to be construed in accordance with the laws of the State of Texas. Venue and jurisdiction is expressly declared to be in Dallas County, Texas.

[Signature appears on the following page.]

MAKER:

Signature of Authorized Officer

Name of Corporation

Title: _____

GUARANTEE

In consideration of the making by JANI-KING FRANCHISING, INC. ("**Franchisor**") of that certain Jani-King Regional Franchise Agreement (the "**Agreement**") dated the _____ day of _____, _____, by and between Franchisor and _____ ("**Regional Franchisee**"), which the parties agree was made in reliance on this Guarantee, the undersigned (collectively, "**Guarantor**") unconditionally guarantees to Franchisor, its successors and assigns (collectively, "**Franchisor**") the complete and timely performance by Franchisee of all terms of the Agreement, including prompt payment of royalty fees, Promissory Note payments and all other sums due. In that Guarantor is: (i) a spouse or partner of the Franchisee, if the Franchisee is a sole proprietorship or partnership; or (ii) a shareholder, officer or director of any corporation who holds the franchise; or (iii) otherwise a principal with a beneficial interest in the Agreement, and thus will be privy to the confidential information and trade secrets of Franchisor, Guarantor agrees to comply with all covenants of the Agreement related to the protection of the JANI-KING trade and service marks, all noncompetition provisions or other restrictive covenants, and all post termination covenants of the Agreement, including the noncompetition provisions and other obligations setout regarding transfer, expiration, termination or non-renewal of the Agreement, and all such covenants will be binding upon and fully enforceable against Guarantor as though they were fully set forth in this Guarantee. This covenant will survive any dissolution of marriage, resignation or other withdrawal of Guarantor from affiliation with Franchisee.

Guarantor waives notice of acceptance of this Guarantee, waives diligence, presentment, and suit by Franchisor to enforce any covenant of the Agreement or other guarantees herein. Guarantor further waives notice of Franchisee's default under the Agreement, and any notice required to be presented to Franchisee pursuant to the Agreement.

This Guarantee will remain effective as to any renewals, modifications or amendments to the Regional Agreement by Regional Franchisee or its successors or assigns (collectively "**Regional Franchisee**"), without notice or approval of same by Guarantor, provided any transfer has been approved by Franchisor in accordance with the terms of the Agreement. This Guarantee will remain valid until released in writing by Franchisor. No action or inaction by Franchisor will serve to release this Guarantee.

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

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

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

[Signatures appear on the following page.]

Signed this _____ day of _____, _____.

GUARANTOR(S):

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Address: _____

Address: _____

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Address: _____

Address: _____

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Address: _____

Address: _____

EXHIBIT C

OFFICE AND ADVERTISING SUPPLIES

OFFICE AND ADVERTISING SUPPLIES

Business Cards (imprinted logo)	1000
JANI-KING Letterhead: with address without address	500 500
Business Envelopes	500
Advertising Brochures	500
“Good Morning” Desk Cards	100
Contact Evaluation Pads	5
Inspection Pads	10 Pads
Memo Pads	10 Pads
Past Performance Pads	10 Pads
Account Bid Sheet Pads	5 Pads
JANI-KING Binders with Exhibits	24
JANI-KING Executive Pad Holders	15
Tri-Fold Pad Holders	10
Business Card Holders	100
JANI-KING Month End Report Forms	10
JANI-KING Salesmen Briefcase	2
JANI-KING Leather Briefcase	1
JANI-KING Chrome Coat Covers with ¼" Spines	100 Sets
JANI-KING Proposal (preprinted pages)	5 Sets
JANI-KING Maintenance Agreement – Electronic	1
JANI-KING Manuals - with Electronic Forms Manual	1 Set
JANI-KING “World of Opportunity” Video	10
JANI-KING “Trust Your Keys” Video	10
JANI-KING Training Tapes	1 Set
JANI-KING Measuring Device	1

EXHIBIT D

TABLE OF CONTENTS FOR
REGIONAL DIRECTOR'S TRAINING MANUAL,
REGIONAL DIRECTOR'S GUIDE, AND
MASTER'S POLICIES AND PROCEDURES MANUAL

TABLE OF CONTENTS

Forward	Introduction
Exhibit I	History and Structure of Jani-King
Exhibit II	Professional Profile
Exhibit III	How to Use This Manual
Exhibit IV	Jani-King Manuals
Exhibit V	Franchise Sales Division
Exhibit VI	Contract Sales Division
Exhibit VII	Regional Office Set Up/Forms Usage
Exhibit VIII	Glossary of Terms

TABLE OF CONTENTS

EXHIBIT I REGIONAL DIRECTOR'S RESPONSIBILITIES

EXHIBIT II FRANCHISE SALES

EXHIBIT III CONTRACT SALES

EXHIBIT IV MANAGING ADMINISTRATION

EXHIBIT V MANAGING OPERATIONS

EXHIBIT VI INSURANCE AND LEGAL DOCUMENTATION

**EXHIBIT VII FINANCIAL MANAGEMENT AND END OF
MONTH REPORTING**

**EXHIBIT VIII STANDARD OPERATING POLICIES AND
REGIONAL OFFICE APPEARANCE**

TABLE OF CONTENTS

INTRODUCTION

SECTION 1 Corporate Documentation

SECTION 2 Training, On Site Support and Annual Meeting

SECTION 3 Business Start-Up and Operational Guidelines

**SECTION 4 Advertising – Restrictions, Limits on Methods,
National Advertising, Advertising Fund**

SECTION 5..... Internet and Social Media

SECTION 6 Franchise and Contract Sales

SECTION 7 Accounting Requirements

SECTION 8Records and Retention/Legal Requirements

SECTION 9 Reporting Requirements/Audits

SECTION 10 System Standards

SECTION 11 National Accounts

SECTION 12 Specialty Market Accounts

JANI-KING GLOSSARY OF TERMS

EXHIBIT E
FINANCIAL STATEMENTS
AND
GUARANTEE OF PERFORMANCE



Jani-King International, Inc. and Subsidiaries

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

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



Jani-King International, Inc. and Subsidiaries

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

Jani-King International, Inc. and Subsidiaries

Contents

Independent Auditor's Report	3-4
Consolidated Financial Statements	
Consolidated Balance Sheets as of December 31, 2022, 2021, and 2020	6
Consolidated Statements of Income and Comprehensive Income for the Years Ended December 31, 2022, 2021, and 2020	8
Consolidated Statements of Shareholder's Equity for the Years Ended December 31, 2022, 2021, and 2020	9
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, 2021, and 2020	10
Notes to Consolidated Financial Statements	12



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600 North Pearl, Suite 1700
Dallas, TX 75201

Independent Auditor's Report

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

Opinion

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

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

Basis for Opinion

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

Change in Accounting Principle

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

Responsibilities of Management for the Consolidated Financial Statements

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

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

BDO USA LLP

April 6, 2023

Consolidated Financial Statements

Jani-King International, Inc. and Subsidiaries

Consolidated Balance Sheets

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

Jani-King International, Inc. and Subsidiaries

Consolidated Balance Sheets (Continued)

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

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries

Consolidated Statements of Income and Comprehensive Income

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

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries

Consolidated Statements of Shareholder's Equity

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

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

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

Jani-King International, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)

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

See accompanying notes to consolidated financial statements.

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

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

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

Use of Estimates

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

Cash and Cash Equivalents

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Short-Term Investments

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

Restricted Short-Term Investments

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

Accounts Receivable, Notes Receivable, and Reinsurance Premiums Receivable

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

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

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

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

Deferred Reinsurance Acquisition Costs

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Property and Equipment

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

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

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

Operating Lease Right-of-Use Assets and Lease Liabilities

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

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

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

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

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

Intangible Assets

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

Unearned Reinsurance Premiums

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

Insurance Reserves

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

Income Taxes

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

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

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

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

Fair Value of Financial Instruments

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

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

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

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

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

Recent Accounting Pronouncements

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

Revenue Recognition

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

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

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

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

Performance Obligations

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

The following table summarizes deferred revenue activity:

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Disaggregation of Revenue from Contracts with Customers

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

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

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

Taxes Collected from Customers

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

Advertising Costs

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

Foreign Currency Transactions and Translations

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

Reclassifications

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

3. Accounts Receivable, Net

Accounts receivable consist of the following:

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

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

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

4. Property and Equipment, Net

Property and equipment are comprised of the following:

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

5. Intangible Assets, Net

Intangible assets are comprised of the following:

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

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

6. Debt

Debt at December 31 is summarized below:

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

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

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

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

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

Year ending December 31,

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

7. Commitments and Contingencies

Operating Leases

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

Leases, January 1, 2022 and After

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

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

Leases, Prior to January 1, 2022

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

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

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

Advertising

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

Legal Proceedings

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

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

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

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

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

Letters of Credit and Other

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

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

Jani-King International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

8. Related Party Transactions

Note Receivable from Related Party

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

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

Leases from Related Parties

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

Other

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

9. Employee Benefit Plan

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

10. Subsequent Events

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

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

JANI-KING INTERNATIONAL, INC., AND SUBSIDIARIES
Consolidated Balance Sheets
(Not Reviewed, Not Compiled, and Unaudited)

As of June 30,

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,651,470	\$ 30,636,630
Short-term investments	24,986,032	-
Short-term investments - restricted	7,250,000	7,250,000
Accounts receivable, net	13,544,177	13,516,705
Notes receivable, current	1,318,145	871,967
Reinsurance premiums receivable	3,553,661	3,305,856
Inventory	72,237	106,401
Deferred reinsurance acquisition costs	398,647	373,739
Other assets - current	2,099,193	1,969,760
Total current assets	61,873,562	58,031,058
NON-CURRENT ASSETS		
Property and Equipment, net	5,238,655	5,456,236
Operating lease right of use	4,016,722	-
Notes receivable, net of current	1,837,598	1,157,202
Intangibles, net	—	23,320
Notes receivable from related parties	1,050,000	11,385,903
Total non-current assets	12,142,975	18,022,661
TOTAL ASSETS	\$ 74,016,537	\$ 76,053,719

JANI-KING INTERNATIONAL, INC., AND SUBSIDIARIES
Consolidated Balance Sheets (continued)
(Not Reviewed, Not Compiled, and Unaudited)

As of June 30,

LIABILITIES AND SHAREHOLDER'S EQUITY

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Due to Franchisees	\$ 8,935,300	\$ 9,097,056
Accounts payable and accrued expenses	9,459,763	11,425,573
Revolving credit line payable	—	—
Term notes payable, current	1,082,800	1,285,874
Lease liability, current	1,397,042	—
Unearned reinsurance premiums	3,262,377	3,051,695
Accrued income taxes	1,844,958	1,460,776
Legal settlement reserves, current	3,464,512	4,950,824
Deferred franchise revenues, current	509,600	689,991
Total current liabilities	29,956,352	31,961,789
NON-CURRENT LIABILITIES		
Term notes payable, net of current	3,872,400	4,562,000
Lease liability, net of current	2,821,174	—
Insurance company reserves	4,435,980	5,615,266
Deferred franchise revenue, net of current	6,989,501	5,506,053
Legal settlement payables, net of current	—	3,329,184
Total non-current liabilities	18,119,055	19,012,503
Total liabilities	48,075,407	50,974,292
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDER'S EQUITY		
Common stock, \$10 par value; 100 shares authorized, issued and outstanding	1,000	1,000
Additional paid-in capital	9,000	9,000
Retained earnings	26,677,533	25,745,743
Accumulated other comprehensive loss	(746,403)	(676,316)
Total shareholder's equity	25,941,130	25,079,427
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 74,016,537	\$ 76,053,719

JANI-KING INTERNATIONAL, INC. AND SUBSIDIARIES
Consolidated Statements of Income and Comprehensive Income
(Not Reviewed, Not Compiled, and Unaudited)

For the Six Months Ended June 30,

	<u>2023</u>	<u>2022</u>
REVENUES		
Commercial cleaning services	\$ 58,137,258	\$ 70,208,950
Regional master franchise royalties	17,590,393	16,896,154
Advertising fees	3,783,679	3,848,185
Preopening services and franchise rights	571,330	681,558
Leasing, Software and Supply Revenue	717,811	605,427
Total revenues	<u>80,800,471</u>	<u>92,240,274</u>
COST OF REVENUES	<u>44,731,131</u>	<u>54,036,487</u>
GROSS PROFIT	<u>36,069,340</u>	<u>38,203,787</u>
OPERATING COSTS AND EXPENSES		
Selling, general and administrative expenses	20,924,993	20,312,512
Legal settlement	—	44,500
Depreciation and amortization	289,928	332,485
Total operating costs and expenses	<u>21,214,921</u>	<u>20,689,497</u>
OPERATING INCOME	14,854,419	17,514,290
OTHER INCOME (EXPENSE)		
Gain on sale of company-owned regions	693,485	—
Net realized gain (loss) on sale of property and equipment	1,988	3,600
Interest expense	(220,575)	(257,622)
Other income, net	1,865,993	3,222,916
TOTAL OTHER INCOME (EXPENSE)	<u>2,340,891</u>	<u>2,968,894</u>
INCOME BEFORE INCOME TAX EXPENSE	17,195,310	20,483,184
Income taxes expense	<u>620,708</u>	<u>610,532</u>
NET INCOME	16,574,602	19,872,652
Other comprehensive income (loss)		
Foreign currency translation	<u>(70,087)</u>	<u>53,650</u>
Other comprehensive income (loss)	<u>(70,087)</u>	<u>53,650</u>
COMPREHENSIVE INCOME	<u>\$ 16,504,515</u>	<u>\$ 19,926,302</u>

GUARANTEE OF PERFORMANCE

For value received, Jani-King International, Inc., located at 16885 Dallas Parkway, Addison, Texas 75001, absolutely and unconditionally guarantees the performance by Jani-King Franchising, Inc. located at 16885 Dallas Parkway, Addison, Texas 75001, of all of the obligations of Jani-King of Franchising, Inc. under its franchise registration in the State of Wisconsin dated August 16, 2023 and of its Franchise Agreement. This guarantee continues until all obligations of Jani-King Franchising, Inc. under the franchise registration and franchise agreement are satisfied. Jani-King International, Inc. is not discharged from liability if a claim by the franchisee against Jani-King Franchising, Inc. remains outstanding. Notice of acceptance is not waived. Notice of default on the part of Jani-King Franchising, Inc. is not waived. The guarantee is binding on Jani-King International, Inc. and on its successors and assignees.

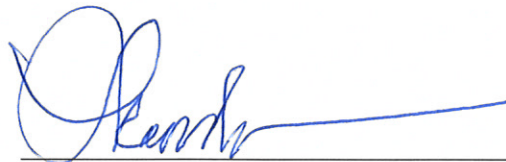
Jani-King International executes this guarantee at Addison, Texas on the 16th day of August, 2023.



Jani-King International, Inc.

By: John Crawford
Title: COO

Attested By:



By: Lauren M. Rambo
Title: Assistant Secretary



EXHIBIT F

LIST OF FRANCHISEES

**JANI-KING FRANCHISING, INC.
DOMESTIC REGIONAL FRANCHISORS**

<u>Alabama</u>	
DAZSER-BHM Corporation	Enmon Enterprises, LLC
Birmingham Region	Mobile Region
Steve Roesch and Dave Zillig	Tom Enmon
2027 Stonegate Trail, Suite 101	28980 U.S. Highway 98, Suite A
Birmingham, Alabama 35242	Daphne, Alabama 36526
(205) 969-0909	(251) 414-5560
Enmon Enterprises, LLC	Enmon Enterprises, LLC
Dothan Region	Montgomery Region
Tom Enmon	Tom Enmon
410 North Hull Street	410 North Hull Street
Montgomery, Alabama 36104	Montgomery, Alabama 36104
(334) 265-9830	(334) 265-9830
Capable Enterprises, Inc.	
Huntsville Region	
Jeff Caple and Patricia Caple	
114 Arlington Drive	
Madison, Alabama 35758	
(256) 971-3451	
<u>Arizona</u>	
Related Services, Inc.	R & N Services, Inc.
Phoenix Region	Tucson Region
Julie Robinson	Julie Robinson
7740 North 16th Street, Suite 110	3501 East Speedway Boulevard, Suite 275
Phoenix, Arizona 85020	Tucson, Arizona 85716
(602) 433-0550	(520) 745-6555
<u>Arkansas</u>	
Savannah River Enterprises, Inc.	
Little Rock Region	
Rich Henderson	
124 West Capitol Avenue	
Suite 1710	
Little Rock, Arkansas 72201	
(501) 223-3993	

Colorado	
S & B Confluence – Co, LLC	
Denver Region	
Cynthia Sanchez, Gilbert Sanchez and Victor Berrios	
12835 East Arapahoe Road, Tower 2 – Suite 650 Centennial, Colorado 80112 (303) 294-0200	
Florida	
Savannah River Enterprises, Inc.	Enmon Enterprises, LLC
Ft. Myers Region	Pensacola Region
Rich Henderson	Tom Enmon
13723 Jetport Commerce Parkway Suite 15 & 16 Fort Myers, Florida 33913 (239) 728-5464	4731 North 9 th Avenue Pensacola, Florida 32503 (850) 479-8815
First Coast Franchising, Inc.	Enmon Enterprises, LLC
Jacksonville Region	Tallahassee Region
Michael Kearns and Tana Kearns	Tom Enmon
5700 St. Augustine Road Jacksonville, Florida 32207 (904) 346-3000	4731 North 9 th Avenue Pensacola, Florida 32503 (850) 479-8815
DAZSER-ORL Corporation	DAZSER-TPA Corporation
Orlando Region	Tampa Bay Region
Steven Roesch and Dave Zillig	Steve Roesch and Dave Zillig
1801 Sandy Creek Lane, Suite 200 Orlando, Florida 32826 (407) 275-2313	2469 Sunset Point Road, Suite 200 Clearwater, Florida 33765 (727) 797-7744
Georgia	
Atlanta Opportunities, Inc.	Savannah River Enterprises, Inc.
Atlanta Region	Macon Region
Mike Barnes	Rich Henderson
6190 Regency Parkway, Suite 300 Norcross, Georgia 30071 (770) 448-2221	544 Mulberry Street, Suite 418 Macon, Georgia 31202 (478) 314-3940
Savannah River Enterprises, Inc.	Savannah River Enterprises, Inc.
Augusta Region	Savannah Region
Rich Henderson	Rich Henderson
3665 Wheeler Road, Suite 1A Augusta, Georgia 30909 (706) 790-5977	6605 Abercorn Street, Suite 200 Savannah, Georgia 31405 (912) 303-9521

<u>Hawaii</u>	
Empico, Inc.	
Hawaii Region	
Carol Pennington & Mark Pennington	
94-155 Leo'ole Street, Suite A-119	
Waipahu, Hawaii 96797	
(808) 535-6100	
<u>Idaho</u>	
RT Alliance, LLC	
Boise Region	
Kimberly Ransdell & Morgan Thomas	
11851 North East Glenn Widing Drive	
Portland, Oregon 97220	
(208) 370-7377	
<u>Illinois</u>	
* Opportunity Franchising, Inc.	
Chicago Region	
John Crawford and Mary Crawford	
1901 North Roselle Road, Suite 610	
Schaumburg, Illinois 60195	
(847) 619-3800	
<u>Indiana</u>	
Schroer Service System, Inc.	
Indianapolis Region	
Daniel DeBra, Jud DeBra & Bill Schlies	
6960 Corporate Drive	
Indianapolis, Indiana 46278	
(317) 293-0200	
<u>Kansas</u>	
Majestic Franchising, Inc.	Elite Franchising, Inc.
Kansas City Region	Wichita Region
Debbie Sinopoli	Debbie Sinopoli
14821 West 95 th Street	2400 North Woodlawn Avenue, Suite 140
Lenexa, Kansas 66215	Wichita, Kansas 67220
(913) 385-1440	(316) 260-4661

<u>Kentucky</u>	
Wildcat Franchising, Inc.	Cardinal Franchising, Inc.
Lexington Region	Louisville Region
Tom Coke	Tom Coke
3080 Harrodsburg Road, Suite 103	9505 Williamsburg Plaza, Suite 201
Lexington, Kentucky 40504	Louisville, Kentucky 40223
(859) 523-4311	(502) 412-1900
<u>Louisiana</u>	
Enmon Enterprises, LLC	Enmon Enterprises, LLC
Alexandria Region	Monroe Region
Tom Enmon	Tom Enmon
3600 Jackson Street, Suite 201	6425 Youree Drive, Suite 390
Alexandria, Louisiana 71303	Shreveport, Louisiana 71105
(318) 561-6969	(318) 408-0550
Enmon Enterprises, LLC	Enmon Enterprises, LLC
Baton Rouge Region	New Orleans Region
Tom Enmon	Tom Enmon
13702 Coursey Boulevard, Building #8, Suite B	3230 West Espanade Avenue, Suite 100
Baton Rouge, Louisiana 70817	Metairie, Louisiana 70002
(225) 273-5464	(504) 441-9700
Enmon Enterprises, LLC	Enmon Enterprises, LLC
Lafayette/Lake Charles Region	Shreveport Region
Tom Enmon	Tom Enmon
105 Chapel Drive	6425 Youree Drive, Suite 390
Lafayette, Louisiana 70506	Shreveport, Louisiana 711015
(337) 362-1234	(318) 408-0550
<u>Maryland</u>	
DAZSER-BAL Corporation	
Baltimore Region	
Steve Roesch and Dave Zillig	
7120 Minstrel Way, Suite 208	
Columbia, Maryland 21045	
(410) 381-3678	
<u>Michigan</u>	
K.E. Michigan I, LLC	
Grand Rapids Region	
Mark Regna	
250 Monroe NW, Suite 422	
Grand Rapids, Michigan 49503	
(616) 222-0175	

<u>Mississippi</u>	
Enmon Enterprises, LLC	Enmon Enterprises, LLC
Jackson Region	South East Mississippi Region
Tom Enmon	Tom Enmon
254 Katherine Drive, Suite B	22 Millbranch Road, Suite 170
Flowood, Mississippi 39232	Hattiesburg, Mississippi 39402
(601) 968-9400	(601) 579-4984
Enmon Enterprises, LLC	
Mississippi Gulf Coast Region	
Tom Enmon	
12207 Hwy. 49	
Gulfport, Mississippi 63146	
(228) 276-2890	
<u>Missouri</u>	
Infinity Opportunity, Inc.	K.E. Missouri I, LLC
Springfield Region	St. Louis Region
Debbie Sinopoli	Mark Regna
211 North Ingram Mill Road	11960 Westline Industrial Drive, Suite 363
Springfield, Missouri 65802	Maryland Heights, Missouri 63146
(417) 882-8600	(314) 576-4330
<u>Nebraska</u>	
Unlimited Opportunity, Inc.	
Omaha Region	
Debbie Sinopoli	
5885 South 118 th Circle	
Omaha, Nebraska 68137	
(402) 932-0514	
<u>Nevada</u>	
* C&C Nevada, LLC	
Nevada Region	
John Crawford and Mary Crawford	
5828 South Pecos Road	
Las Vegas, Nevada 89120	
(702) 737-6116	

<u>New Mexico</u>	
Cragtaegus, LLC	
New Mexico Region	
Stephen Hagedorn	
2430 Midtown Place, North East, Suite B	
Albuquerque, New Mexico 87107	
(505) 341-1070	
<u>North Carolina</u>	
ROHLL-CLT Corporation	Synergy Franchising Corp.
Charlotte Region	Raleigh/Durham Region
Robbie Lewis	Michael Kearns and Jud DeBra
7132 Weddington Road	801 Jones Franklin Road, Suite 230
Concord, North Carolina 28027	Raleigh, North Carolina 27606
(704) 782-5464	(919) 852-1555
TapRock Enterprises, Inc.	
Greensboro Region	
Steve Tapken	
166-B Thatcher Road	
Greensboro, North Carolina 27409	
(336) 854-4475	
<u>Ohio</u>	
Trifecta Franchising, LLC	Buckeye Franchising, Inc.
Cincinnati Region	Columbus Region
Joe Carollo, James Dixon & Gordon Hoover	Tom Coke
3800 Red Bank Road	2185 City Gate Drive
Cincinnati, Ohio 45227	Columbus, Ohio 43219
(513) 771-8006	(614) 476-1300
Ohio Services CLE LLC	Top Flight Franchising, Inc.
Cleveland Region	Dayton Region
Joe Carollo	Tom Coke
9075 Town Centre Drive, Suite 200	85 Rhoads Center Drive
Broadview Heights, Ohio 44147	Dayton, Ohio 45458
(440) 546-0000	(937) 438-5290
<u>Oregon</u>	
Freeman Northwest, Inc.	Invictus Franchising, Inc.
Eugene/Salem Region	Portland Region
Kimberly Ransdell & Guy Celeste	Kimberly Ransdell & Guy Celeste
1500 Valley River Drive, Suite 205	11851 North East Glenn Widing Drive
Eugene, Oregon 97401	Portland, Oregon 97220
(541) 868-8080	(503) 778-7777

<u>Rhode Island</u>	
JVC Franchising, LLC	
Greater Rhode Island Region	
Victor Berrios, Juan Carlos Estrada & Cristina Estrada	
20 Alteiri Way, Unit 3	
Warwick, Rhode Island 02886	
(401) 438-6100	
<u>South Carolina</u>	
Synergy Franchising Corp.	R. Young, Inc.
Charleston Region	Greenville/Spartanburg Region
Michael Kearns, Tana Kearns and Jud DeBra	Richard Young and Gwen Young
4401 Piggly Wiggly Drive, Suite 102	498-A Garlington Road
North Charleston, South Carolina 29405	Greenville, South Carolina 29615
(843) 824-5388	(864) 213-9544
Synergy Franchising Corp.	Synergy Franchising Corp.
Columbia Region	Myrtle Beach Region
Michael Kearns, Tana Kearns and Jud DeBra	Michael Kearns, Tana Kearns and Jud DeBra
720 Gracern Road, Suite 116	2411 North Oak Street, Suite 109
Columbia, South Carolina 29210	Myrtle Beach, South Carolina 29577
(803) 748-8611	(843) 294-5264
<u>Tennessee</u>	
Autumn Wind Franchising, Inc.	Titan Franchising, Inc.
Chattanooga Region	Nashville Region
Tom Coke and Tracy Costa	Victor Berrios
7610 Hamilton Park Drive, Suite 3 & 4	5560 Franklin Pike Circle, Suite 100
Chattanooga, Tennessee 37421	Brentwood, Tennessee 37027
(423) 648-3101	(615) 445-7979
Rocky Mountain Franchising, Inc.	Tri Cities Franchising, Inc.
Knoxville Region	Tri Cities Region
Tom Coke	Tom Coke
609 Reliability Circle	1907 North Roan Street, Suite 402, Box 10
Knoxville, Tennessee 37932	Johnson City, Tennessee 37601
(865) 671-5464	(423) 328-0437
Savannah River Enterprises, Inc.	
Memphis Region	
Rich Henderson	
1805 Moriah Woods Boulevard, Suite #7	
Memphis, Tennessee 38119	
(901) 362-5464	

<u>Texas</u>	
Stoker Management, Inc.	Rocket Franchising, Inc.
Austin Region	Houston Region
Dennis and Christine Shortt	Jane Tapken and Steve Tapken
2523 South Lakeline Boulevard	21388 Provincial Boulevard
Cedar Park, Texas 78613	Katy, Texas 77450
(512) 335-9888	(281) 240-6455
Alpha Services Corporation	CBT Partners Ltd.
Dallas Region	San Antonio Region
Jane Tapken	Todd Murphy & Susan Murphy
4535 Sunbelt Drive	1008 Central Parkway South
Addison, Texas 75001	San Antonio, Texas 78232
(972) 380-0800	(210) 495-5359
Paramount Services, Inc.	
Fort Worth Region	
Jane Tapken	
1000 Ballpark Way, Suite 208	
Arlington, Texas 76011	
(817) 284-5600	
<u>Utah</u>	
Wilcom, Inc.	
Salt Lake City Region	
Sydnee Evans	
111 East Broadway, Suite 300	
Salt Lake City, Utah 84111	
(801) 359-1500	
<u>Virginia</u>	
Legacy Franchising of Virginia, Inc.	Batford Franchising I, LLC
Hampton Roads	Roanoke/Lynchburg Region
Ray Batton	Ray Batton
3290 Airline Boulevard	5068 South Amherst Highway, Suite 102
Portsmouth, Virginia 23701	Madison Heights, Virginia 24572
(757) 424-7701	(434) 528-8546
Legacy Franchising of Virginia, Inc.	
Richmond Region	
Ray Batton	
9701 A Metropolitan Court	
Richmond, Virginia 23226	
(804) 320-4030	

<u>Washington</u>	
Performance Franchising, Inc.	
Seattle Region	
Garry Clark and Victoria Clark	
7064 South 220th Street, Building #9	
Kent, Washington 98032	
(425) 485-5567	
<u>Wisconsin</u>	
Forward Franchising, Inc.	Royal Franchising, Inc.
Green Bay Region	Milwaukee Region
Jeffrey Weyker	Jon McAlpine
520 North Broadway, Suite 160	200 North Patrick Boulevard, Suite 900
Green Bay, Wisconsin 54303	Brookfield, Wisconsin 53045
(920) 884-9900	(262) 780-0300
Focus Franchising, Inc.	
Madison Region	
Jeffrey Weyker	
6472 Ronald Reagan Avenue	
Madison, Wisconsin 53704	
(608) 661-1990	

* Indicates franchises are owned by persons either listed in Item 2 and their immediate families, by business entities in which they have ownership as franchisor owned outlets, or by persons otherwise affiliated with Franchisor.

THE FOLLOWING JANI-KING FRANCHISING, INC.'S DOMESTIC REGIONAL FRANCHISORS WHO HAVE BEEN CANCELLED, NON RENEWED, REACQUIRED BY FRANCHISOR, TRANSFERRED OR CEASED TO DO BUSINESS WITHIN THE LAST TWELVE MONTHS OR HAS NOT HAD COMMUNICATION WITH US WITHIN THE PAST TEN (10) WEEKS (*):

<u>Ohio</u>
* B & B Franchising, LLC
Cincinnati Region
Robert Seylhouwer
3800 Red Bank Road
Cincinnati, Ohio 45227
(513) 771-8006
<u>Tennessee</u>
River City Franchising, LLC
Memphis Region
Victor Berrios
1770 Moriah Woods Parkway, Suite #2
Memphis, Tennessee 38118
(901) 362-5464

EXHIBIT G

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

CALIFORNIA

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

CONNECTICUT

Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800

FLORIDA

Department of Agriculture and Consumer
Services
Plaza Level 10, The Capitol
400 South Monroe Street
Tallahassee, Florida 32399-0800

HAWAII

Business Registration Division
Department of Commerce
and Consumer Affairs
King Kalakaua Building
335 Merchant Street, Room 201
Honolulu, Hawaii 96813

ILLINOIS

Chief, Franchise Bureau
Attorney General's Office
500 South Second Street
Springfield, Illinois 62701

INDIANA

Securities Commissioner
Indiana Securities Division
302 West Washington Street
Room E111
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Franchise Administrator
Consumer Protection Division
Antitrust and Franchising Unit
Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 West Ottawa Street
Lansing, Michigan 48909

MINNESOTA

Franchise Examiner
Minnesota Department of Commerce
85 Seventh Place East
Suite 280
St. Paul, Minnesota 55101

NEBRASKA

Nebraska Department of
Banking and Finance
1526 K Street
Suite 300
Lincoln, Nebraska 68508-2732

NEW YORK

New York Department of Law
Investment Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005

NORTH DAKOTA

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
350 Winter Street North East
Salem, Oregon 97309-0405

RHODE ISLAND

Department of Business Regulation
Securities Division
1511 Pontiac Avenue
Cranston, Rhode Island 02920

SOUTH DAKOTA

Franchise Administrator
Department of Revenue
Division of Securities
445 E. Capitol Avenue
Pierre, South Dakota 57501-3185

TEXAS

Statutory Documents Section
Secretary of State
James E. Rudder Building
1019 Brazos Street
Austin, Texas 78701

UTAH

Director
Department of Commerce
Heber M. Wells Building
Division of Consumer Protection
160 East 300 South, 2nd Floor
Salt Lake City, Utah 84114-6704

VIRGINIA

State Corporation Commission
Division of Securities
and Retail Franchising
Tyler Building
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

WASHINGTON

Administrator
Department of Financial Institutions
Securities Division
150 Israel Road South West
Tumwater, Washington 98501

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

EXHIBIT H
SOFTWARE LICENSE AGREEMENT

JANI-KING®
SOFTWARE LICENSE AGREEMENT

This Software License Agreement (“*Agreement*”) is made and entered into on the date set out below between Jani-King Franchising, Inc. (“*Jani-King*”) and _____ (“*Regional Franchisee*”).

Recitals

WHEREAS, Jani-King has developed certain computer software programs utilizing various computer languages, including accompanying training and operating manuals and literature which provides a uniform system of various services, which may include accounting, billing, customer service, telemarketing, commissions, collection and reporting services, and other web applications for use in the management and operation of the Jani-King franchising programs (the “*Software*”); and

WHEREAS, Jani-King has developed certain software modules and/or portals, which are listed below (the “*Modules*”) and which are designed to operate with and complement the Software which Jani-King will license to Regional Franchisee for limited periods in exchange for the payment of certain Module License Fees, and

WHEREAS, Regional Franchisee desires to use the Software, as developed by Jani-King, in its regional operations as a Jani-King Regional Franchisee, and

NOW, THEREFORE in consideration of the mutual covenants and promises contained herein, the parties enter into this Agreement, conditioned upon the faithful performance of each of the following terms and conditions:

Section 1
Grant of License

1.1 Jani-King grants to Regional Franchisee a nonexclusive and nontransferable license to use the Software in its computerized accounting operations as a Jani-King Regional Franchisee, including any computer system with a network server that might have multiple computers attached to the network, or at multiple regional office locations. This grant of license is strictly limited to use by Regional Franchisee in the operations as a Jani-King Regional Franchisee and for no other business, use or benefit of any third party.

Section 2
Maintenance Services

2.1 Regional Franchisee will be responsible for installation, maintenance and support of the Software. Any assistance regarding the Software that is requested may be made available, at Jani-King’s option, pursuant to a separate written agreement and at an expense which may be determined solely by Jani-King.

Section 3
Modules

3.1 Regional Franchisee will notify Jani-King of any of the following Modules Regional Franchisee desires to obtain a license to use:

Module	Module License Fee	One Year Module License Renewal Fee
Hand Held Inspections	\$2,500	\$750
Commissions (Mid 2008) release)	\$2,000	\$600
Graphs and Charts	\$1,000	\$300
Document Storage and Retrieval	\$1,000	\$300
Account Offering (Radius Mapping)	\$1,000	\$300

Franchisee Portal		
Number of Regions	Installation Fee (per server)	Annual Portal Fee (per server)
1	\$1,000	\$3,500
2	\$1,700	\$3,500
3 or more	\$2,400	\$3,500

3.2 Upon Jani-King’s receipt of Regional Franchisee’s notice, Jani-King will provide Regional Franchisee with each Module and will provide assistance with the installation of each Module on to Regional Franchisee’s computer system.

3.3 Regional Franchisee agrees that in the event Jani-King is required, in Jani-King’s opinion, to reconfigure or alter its standard installation procedures in order to install the Module, Regional Franchisee may be required to pay additional installation/configuration fees and agrees to pay Jani-King upon receipt of an invoice for such fees.

3.4 Jani-King will invoice Regional Franchisee for the Module License Fee and any installation/configuration fees, and Regional Franchisee agrees to pay Jani-King in full for each invoice within thirty (30) days of the date of the invoice.

3.5 In exchange for the payment of the License Fee, Jani-King will authorize Regional Franchisee the right to use the Module and for Jani-King’s support and maintenance of the Module for a period of one (1) year.

3.6 Regional Franchisee may renew the license, at Jani-King’s discretion, for each Module for one additional year by notifying Jani-King of Regional Franchisee’s desire to renew and agreeing to pay the One Year Module License Renewal Fee as stated above.

3.7 Regional Franchisee acknowledges and agrees that Jani-King may increase the One Year Module License Renewal Fee from time to time, and Regional Franchisee agrees to pay any such increases upon Regional Franchisee’s renewal of any of the Modules.

Section 4 Warranty

4.1 The Software and Modules are made available to Regional Franchisee on an “as is” basis, without express or implied warranties of any sort including, but not limited to, any implied warranties of fitness for a particular purpose, warranties of merchantability or warranties relating to the performance of the Software or Modules. Regional Franchisee hereby releases Jani-King from any and all liability for any damages sustained by Regional Franchisee, whether special, direct, indirect or consequential damages arising out of, or in connection with the use of the Software or Modules, or as a result of the failure of the Software or Modules to perform as intended.

Section 5 Term

5.1 This Agreement will be effective on the date it is executed by both parties. This Agreement will continue in effect until the expiration or termination of the Regional Franchise Agreement executed between Regional Franchisee and Jani-King Franchising, Inc. with an effective date of _____, 20__ or until the sale of the Regional Franchise by Regional Franchisee. Jani-King may terminate this Agreement immediately in the event Regional Franchisee materially breaches a provision or term of the Regional Franchise Agreement or this Agreement and fails to correct the breach within the applicable cure period, if any, as stated in the Regional Franchise Agreement or this Agreement. Upon termination of this Agreement, Regional Franchisee agrees to cease using the Software and Modules and agrees to return all original, copies, forms, partial and complete, in all types of media and computer memory, whether or not modified or merged into other programs to Jani-King. Upon termination of this Agreement, Regional Franchisee also agrees to promptly deliver to Jani-King a written statement certifying its compliance with these requirements. The provisions of Articles 5, 6, and 7 herein will survive the termination of this Agreement.

Section 6 Ownership and Confidentiality

6.1 Regional Franchisee acknowledges and agrees that the Software and Modules consist of proprietary products and trade secrets of Jani-King and each are protected by United States copyright laws, the Berne Convention for the Protection of Literary and Artistic Work and trade secret laws of general applicability.

6.2 Neither the Software nor the Modules may be sublicensed or otherwise transferred, assigned or encumbered in any way, whether or not incorporated or merged into other programs or materials except as provided in this Agreement. Regional Franchisee may not decompile, disassemble or reverse engineer the Software or Modules. Regional Franchisee must notify Jani-King promptly of any unauthorized access, possession or use of the Software or Modules which becomes known to Regional Franchisee and will assist in the prosecution of any claims or proceedings in connection with such unauthorized access, possession or use.

6.3 Regional Franchisee agrees that all right, title, and interest in and to the Software and Modules (including, but not limited to copyrights, patents, trade secrets, and other intellectual property rights) in all versions of the Software and Modules, including without limitation, any translations, compilations, adaptations, alterations, modifications and derivative works whether created before or after the date of this Agreement, is and will at all times remain the property of Jani-King and are considered confidential materials pursuant to the Regional Franchise Agreement. The license granted hereby does not transfer any right, title, or interest in the Software or Modules to Regional Franchisee except as specifically set forth in this Agreement.

6.4 Regional Franchisee will not cause or permit copying of the Software or Modules except for backup purposes or as otherwise permitted by this Agreement. Regional Franchisee will not cause or permit the disclosure of the Software or Modules or the delivery or distribution of any part thereof to any person or entity, for any purpose except for use by Regional Franchisee and its employees as set forth in this Agreement. Regional Franchisee will maintain all copies of the Software and Modules in a manner so that the Software and Modules are not publicly readable, and that only those persons that need access to the Software and Modules will be permitted to access it.

6.5 Jani-King reserves the right to modify, update or amend the Software or Modules to remain compatible to the Jani-King franchise system, including all reporting requirements that may be established or amended from time to time by the Jani-King Policies and Procedures, and to reflect all pertinent new developments for improved efficiency. Regional Franchisee agrees to replace all of the Software or Modules then currently in its use with any such update, amendment or modification as provided by Jani-King, and Regional Franchisee must remove and destroy

any and all copies of the Software and Modules which have been replaced. Regional Franchisee agrees that it will operate the Software and Modules according to the procedures established by Jani-King.

6.6 Regional Franchisee will be responsible for making any update, amendment or modification necessary to conform the Software and Modules to the specific needs of the Regional Franchisee. Jani-King will not be responsible for the performance of the Software or Modules as modified by Regional Franchisee and does not make any warranty as to the application of the Software or Modules to any such modification, or as to the operation of the source program thereafter. To the extent that additions or modifications are made to the Software or Modules by or on behalf of Regional Franchisee, Jani-King will own such additions or modifications. Regional Franchisee has no rights in any such additions or modifications or in any portion of any work which is subject to the intellectual property rights described in this section. Jani-King, without restriction or obligation to Regional Franchisee, has the right to use and to employ in its future products or services, the ideas, concepts, techniques, know-how, and expressions used, acquired or developed in the course of providing services to Regional Franchisee.

Section 7 Use and Operation

7.1 Regional Franchisee is responsible for the use and operations of the Software and Modules. Regional Franchisee will defend, indemnify and hold Jani-King harmless from any and all liability, loss or damages resulting from claims, demands or judgments by any third party arising out of Regional Franchisee's use or operations of the Software or Modules. In no event will Jani-King be liable for any indirect, incidental, special, consequential or punitive damages, including lost profits or savings resulting from Regional Franchisee's use and operation of the Software or Modules.

Section 8 General

8.1 The existence, validity and construction of this Agreement will be governed by the laws of the State of Texas, United States.

8.2 Any term or provision of this Agreement which is held to be invalid, void or illegal will in no way affect, impair or invalidate any other term or provision and the remaining terms and provisions will remain in full force and effect.

8.3 The failure of either party to enforce any rights granted hereunder or to take action against the other party in the event of any breach hereunder will not be deemed a waiver by that party as to subsequent enforcement of rights or subsequent actions in the event of future breaches.

8.4 No waiver of any provision of this Agreement or any right or obligation of a party to this Agreement will be effective unless there is a signed writing evidencing such waiver.

8.5 The provisions of this Agreement will be binding on the parties' successors and assigns. Regional Franchisee may not assign or transfer this Agreement, in whole or in part, without the prior written consent of an officer or director of Jani-King and any such assignment, transfer or attempt to assign or transfer by Regional Franchisee without such consent will be void. Jani-King reserves the right to assign this Agreement.

8.6 Any notices required under this Agreement must be made in the same manner as provided in the Regional Franchise Agreement described herein.

8.7 This Agreement will not be amended or modified other than in writing and signed by Regional Franchisee and an officer or director of Jani-King.

8.8 The captions of this Agreement are for convenience only and will not have any legal effect.

8.9 It is expressly agreed that the provisions set forth in this Agreement constitute all the understandings and agreements between the parties with respect to the subject matter contained herein. Any prior agreements, proposals, quotations, promises, letters, negotiations or representations which are not expressly set forth in this Agreement are of no force or effect. Regional Franchisee expressly agrees that no affirmation, representation or warranty by any employee, agent or representative of Jani-King will bind Jani-King or be enforceable unless it is expressly set forth in this Agreement.

8.10 JANI-KING DISCLAIMS ALL WARRANTIES, EITHER EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SOFTWARE AND MODULES AND THE ACCOMPANYING MATERIALS.

IN WITNESS WHEREOF, the parties by their duly authorized representatives have executed this License Agreement as of this ____ day of _____, _____.

JANI-KING FRANCHISING, INC.

Signature

Signature

Print Name

Print Name

Title

Title

EXHIBIT I

NET WORTH ACKNOWLEDGMENT

NET WORTH OR INCOME CERTIFICATION

Does the prospective purchaser of the franchise satisfy one or more of the exemptions set forth below? Yes _____. No _____. (If yes, then please check the applicable categories below).

For an individual:

- ____ (1) The prospective purchaser is a natural person whose net worth, or joint net worth with that person's spouse, exceeds one million dollars (\$1,000,000) at the time of his or her purchase of the franchise, excluding the value of that person's personal residence, any and all retirement or pension plan accounts or benefits, home furnishings, and automobiles.
- ____ (2) The prospective purchaser is a natural person whose gross income exceeds three hundred thousand dollars (\$300,000) per year in each of the two most recent years, or whose joint gross income with that person's spouse exceeds five hundred thousand dollars (\$500,000) per year in each of those years, and who reasonably expects to reach the same income level in the current year.
- ____ (3) The prospective purchaser is a partner, executive officer, or director of the franchisor.

For a business entity:

- ____ (4) The prospective purchaser is an entity with total assets exceeding five million dollars (\$5,000,000) according to its most recent financial statements and not specifically formed for the purpose of acquiring the franchise offered.¹
- ____ (5) The prospective purchaser is an entity, in which all of the equity owners are persons or entities described in either paragraph (1), (2), (3), or (4) above.

Acknowledgment

As evidenced by the signature below, the prospective purchaser of the franchise has knowledge and experience in financial and business matters, either alone or with professional advisers of the prospective purchaser who are unaffiliated with, and not directly or indirectly compensated by, the franchisor (or an affiliate or selling agent of the franchisor), such that the prospective purchaser has the capacity to evaluate the merits and risks of, and protect their own interests in, the franchise investment. The prospective purchaser intends to purchase the franchise for the purchaser's own account, or a trust account if the purchaser is a trustee, for the purpose of conducting the business as a franchise and not with a view to, or for a sale in connection with, any resale or distribution of the franchise or any interest in the franchise. Any immediate cash payment required from any prospective purchaser who is a natural person, upon the purchase of the franchise, will not exceed 10 percent of such person's net worth, or joint net worth with that person's spouse, exclusive of

that person's personal residence, any and all retirement or pension accounts or benefits, home furnishings and automobiles.

I certify that the prospective purchaser qualifies under the exemptions indicated above. I further certify that the conditions set forth in the Acknowledgment are true and correct.

Signature

Date

Signature (spouse, if applicable)

Date

Business Entity Name (if applicable)

ⁱ "Entity" means an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, Massachusetts or similar business trust, limited liability company, or partnership. The financial statements referred to in this paragraph must: (1) Be as of date not more than 90 days prior to the earlier of either the date on which the prospective purchaser signs any binding franchise or other agreement with the franchisor in connection with the award of the franchise, or the date on which the franchisor receives any consideration from the first prospective purchaser in connection with the award of the franchise; and (2) be prepared in accordance with either of the following: (i) generally accepted accounting principles and, if the entity has consolidated subsidiaries, on a consolidated basis, or (ii) the rules and requirements of the Securities and Exchange Commission.

EXHIBIT J
GENERAL RELEASE

GENERAL RELEASE

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

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

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

Releasor:

Releasor:

Signature

Signature

Print Name/Date

Print Name/Date

Releasor:

Releasor:

Signature

Signature

Print Name/Date

Print Name/Date

EXHIBIT K

STATE EFFECTIVE DATES PAGE

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

California	Not Effective
Hawaii	Not Effective
Illinois	Not Effective
Indiana	Not Effective
Maryland	Not Effective
Michigan	Not Effective
Minnesota	Not Effective
New York	Not Effective
North Dakota	Not Effective
Rhode Island	Not Effective
South Dakota	Not Effective
Virginia	Not Effective
Washington	Not Effective
Wisconsin	July 31, 2023

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 L

RECEIPTS OF FRANCHISE DISCLOSURE DOCUMENT

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 JANI-KING FRANCHISING, INC. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

Maryland, New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If JANI-KING FRANCHISING, INC. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency.

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

Name:
Principal Business Address: 16885 Dallas Parkway, Addison, Texas 75001
Telephone Number: 972-991-0900

Issuance Date: August 16, 2023

I received a disclosure document dated August 16, 2023. The disclosure document included the following Exhibits:

A	Regional Franchise Agreement	G	List of State Administrators and Agents for Service of Process
B	Promissory Note and Guarantee	H	Software License Agreement
C	Office and Advertising Supplies	I	Net Worth Acknowledgment
D	Table of Contents for Manuals	J	General Release
E	Financial Statements	K	State Effective Dates Page
F	Lists of Franchisees	L	Receipts of Franchise Disclosure Document

Dated: _____

Complete if a corporation, partnership, or
limited liability company

<p>_____ Signature (Individually and as an officer)</p> <p>_____ Print Name</p> <p>_____ Print Title (if applicable)</p>	<p>_____ Name of Corporation, Partnership, or limited liability company</p> <p>a _____ corporation</p> <p>a _____ partnership</p> <p>a _____ limited liability company</p> <p>[Fill in state where applicable entity above was formed]</p>
<p>_____ Address</p> <p>_____ Telephone Number</p>	<p>Referred By:</p> <p>_____</p>

[Sign and return this page]

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 JANI-KING FRANCHISING, INC. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

Maryland, New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If JANI-KING FRANCHISING, INC. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency.

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

Name:
Principal Business Address: 16885 Dallas Parkway, Addison, Texas 75001
Telephone Number: 972-991-0900

Issuance Date: August 16, 2023

I received a disclosure document dated August 16p, 2023. The disclosure document included the following Exhibits:

A	Regional Franchise Agreement	G	List of State Administrators and Agents for Service of Process
B	Promissory Note and Guarantee	H	Software License Agreement
C	Office and Advertising Supplies	I	Net Worth Acknowledgment
D	Table of Contents for Manuals	J	General Release
E	Financial Statements	K	State Effective Dates Page
F	Lists of Franchisees	L	Receipts of Franchise Disclosure Document

Dated: _____

Complete if a corporation, partnership, or
limited liability company

<p>_____ Signature (Individually and as an officer)</p> <p>_____ Print Name</p> <p>_____ Print Title (if applicable)</p>	<p>_____ Name of Corporation, Partnership, or limited liability company</p> <p>a _____ corporation</p> <p>a _____ partnership</p> <p>a _____ limited liability company</p> <p>[Fill in state where applicable entity above was formed]</p>
<p>_____ Address</p> <p>_____ Telephone Number</p>	<p>Referred By:</p> <p>_____</p>

[Keep this page for your records]